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SCIENTIST VIEWS NATO'S ABILITY TO RETALIATE IN 'WORST CASE'

DW121437 Frankfurt/Main FRANKFURTER RUNDSCHAU in German 12 Dec 79 p 2 DW

[Unattributed report: "How Much Retaliation Is Sufficient?"]

[Text] Dieter S. Lutz, deputy director of the Institute for Peace Research and Security Policy headed by Graf Baudissin, is one of the strongest critics of the assertion voiced by the federal government and NATO experts that in case of a Soviet nuclear strike with Eurostrategic arms the West would have "nothing adequate to put up." In a study he arrives at the result that even in the "worst" case NATO would be able to retaliate in a way that would be unacceptable for the Soviet Union.

In the "worst case scenario" Lutz assumed that a first Soviet strike would destroy all land, air and naval based nuclear arms systems of NATO as well as all submarines in ports or docks.

Lutz also assumes that only 80 percent of the marines on patrol and which receive a warning will "survive" that first strike (without the warning time only half of them would survive) and that another 20 percent of the remaining stock would be destroyed by other attacking Soviet forces. Eventually another 10 percent of the missiles and 10 percent of the warheads will not work due to breakdowns.

In such a case the following destructive potential would explode over Soviet territory:

1. 62 British warheads fired from Polaris submarines with 200 kilotons (kt) each (1 kiloton equals 1,000 tons of the highly effective explosive TNT);
2. 21 French warheads of missiles with an explosive force of 1 megaton each (1 megaton (mt) equals 1 million tons TNT);
3. 259 warheads of the American Poseidon submarines (these submarines have been subordinated to the NATO commander in chief for "Eurostrategic" defense) with 50 kt each.

That is a total of 342 warheads with a explosive force of 103 megaton units (mte) (according to the formula $mte : ny^{2/3}$ [expansion of "ny" unknown]).

Lutz says that according to American calculations 100 mte will suffice to destroy 37 million inhabitants of the Soviet Union and 59 percent of its industrial capacity. Within the range of these retaliation arms of NATO there would [be] located the 30 biggest cities of the western USSR with 42 million people and 40 percent of the industrial capacity. It must be taken into consideration that in this "worst case scenario" the intercontinental missiles have not been used.

Lutz draws the following conclusion: "The ensuing damage even after the first strike against Western Europe will be unacceptable for the Soviet Union. Further nuclear rearmament of Western Europe would have no military function."

The Hamburg scientist points out that Moscow--if at all--could decide to launch such a first strike only if the West were to introduce additional and even more accurate medium-range arms, so that the Soviet Union itself would have to reckon with a preemptive strike by NATO or with a disarming strike, in which case the damage would be even greater than by a first Soviet strike and a Western retaliation strike. Lutz says "the adversaries possibly will have to toy--seen as inherent in the system--with the idea of preemption. The present degree of strategic stability can be maintained only by the renunciation--by at least one of the two sides--of the mentioned arms systems (the Soviet SS-20 and the planned Pershing-2 of NATO). Only then would the reason for toying with preemption cease to exist."

NATO's renouncing the planned new medium-range arms would, in view of the already existing devastating capacities of NATO, not decrease deterrence but it would decrease the risk. If the contrary were the case, insecurity would increase.

CSO: 3103

PRESS COMMENTS ON GOVERNMENT STATEMENT ON NATO DECISION

DW170807 Cologne Deutschlandfunk Network in German to East and West Germany
0605 GMT 15 Dec 79 DW

[Press review on Foreign Minister Genscher's government statement of
14 December]

[Text] STUTTGARTER NACHRICHTEN writes: There was a very discernible relief which accompanied the unanimous acclamation of the Bonn parties for the NATO decision. When the alliance in Brussels submitted its program for disarmament the parliamentarians were relieved for good of the concern that Europe might end up in a state of defense policy inflexibility. But soon skepticism will break through as to whether the remarkably broad negotiating package of NATO will lead to the successes that might ring in a new ear in arms policy.

NEUE RUHR'ZEITUNG observes: What can only be valid for the German policy--and Helmut Schmidt and Hans-Dietrich Genscher have made this quite clear--is remaining credible toward both East and West. Meaning to continue the policy of detente while simultaneously staying absolutely loyal to the Atlantic alliance. However, the question arises more and more as to how intact this alliance still is, or to put it in an exaggerated way, whether the FRG will not slowly but definitely be pushed into the role of being the only reliable ally of the United States. The question is: Are we dealing with a German-American alliance instead of with NATO? Not yet, though it cannot be denied that the existence and effectiveness of the Atlantic community practically depend on the United States and the Federal Republic exclusively. One might say it is an increasingly crumbling alliance with a stable bridge between Washington and Bonn.

The MAINZ ALLGEMEINE ZEITUNG stresses: Nobody in Western Europe, let alone in the Federal Republic which borders on the Easter power sphere directly, will take note of the assembling of more and more missile systems on the old continent with enthusiasm. Especially in the pre-Christmas period disarmament agreements would be more popular than could be arms decisions. Yet the facts created by the Soviet Union in Eastern Europe force NATO to draw the seemingly paradoxical conclusion of safeguarding peace and detente in Europe through additional arms efforts of its own before negotiations on a limitation of arms arsenals and troop strengths can be continued.

BRIEFS

BRUSSELS NATO DECISION--Duesseldorf's RHEINISCHE POST writes: At first glance it seems as though the eighties would have to become the decade of arms race between East and West. Painfully the hard core of the NATO states made up its mind to offset the Soviet super armament in Europe with comparable weapons systems at least on a long-term basis. Nearly at the same time President Carter announced a comprehensive modernization of the U.S. armed forces aimed at better coping with worldwide challenges in the future. The United States is showing its flag again. It is hoisting the very banner which had been pulled down so shamefully in Vietnam, thus indicating that the period of weakness of the Western superpower is to be, once and for all, a bit of the past now digested. [Excerpt] [DW141037 Cologne Deutschlandfunk Network in German to East and West Germany 0605 GMT 14 Dec 79 DW] **Brussels**--After the NATO conference in Brussels had ended Guenther von Weizsäcker, state secretary in the Foreign Ministry, assessed the NATO decisions as a comprehensive program of the alliance for action and negotiation. It is aimed at reducing the military imbalance between East and West through concrete improvement and modernization of the NATO nuclear medium-range missiles in Europe. Von Weizsäcker, who on the last day of the Brussels winter conference represented Hans-Dietrich Genscher, who had already left for Bonn to attend the Bundestag debate, announced that the alliance's spring conference would be held in Ankara in June 1980. Von Weizsäcker said that the Western ministers had underlined that the eighties ought to bring a "fundamental change for the better" in the situation between West and East. [Text] [LD141502 Hamburg DPA in German 1357 GMT 14 Dec 79 LD]

USSR NEGOTIATION ON MISSILES--Stuttgart--The vice president of the German Bundestag, Richard von Weizsäcker (CDU), is confident that there will be negotiations with the Soviet Union on the limitation of Eurostrategic weapons in the foreseeable future. He said on South German Radio today that one reason why the Soviet Union will seek negotiations will be to step up the "softening process" which could be noted in some European NATO countries. In this connection Weizsäcker referred to the recent remarks by the Moscow Central Committee Vadim Zagladin. On the American attitude to the armament issue Weizsäcker said: "There is a new unified determination to do more for their own security and not to bring shame on the United States' name." In the course of a recent visit to Washington he received the impression that the United States has overcome its "Vietnam complex." An edited version of the interview was prereleased to DPA. [Text] [LD151147 Hamburg DPA in German 1012 GMT 15 Dec 79 LD]

BRIEFS

KPOE EXPELS FARKAS--At its session on 29 November the Central Committee of the Austrian Communist Party [KPOE] unanimously decided to relieve Reinhard Farkas of his function as secretary of the Vorarlberg KPOE organization and to expel him from the KPOE. "The reason for this expulsion was the repeated appearance of Farkas in bourgeois mass media, on which occasions he grossly slandered the KPOE's attitude and policy and systematically spread crass lies about the socialist countries. These statements, which incidentally were not supported by the bodies of the Vorarlberg party organization, constitute a support of the anticommunist lying propaganda against our party." [AU302108 Vienna VOLKSSTIMME in German 29 Nov 79 p 2 AU]

ILLEGAL ARMS DEALERS ARRESTED--Austrian police have arrested several persons--no names have been revealed so far--involved in an illegal fire-arms transaction. According to a Linz police spokesman, 200 Czechoslovak pistols, of 7.65 millimeter caliber, were legally imported from the CSSR by authorized arms dealers, then passed on to unauthorized persons and smuggled to the FRG where they were seized by police in Hamburg. Austrian police believe that this was onl, the first of several planned transactions, and that they have nipped in the bud what would have become an international arms smuggling gang. [AU301325 Vienna ARBEITER-ZEITUNG in German 30 Nov 79 p 9 AU]

PHILIPPINE TRADE EXPANDED--Austrian firms have succeeded in substantially expanding their exports to the Philippines this year through their participation in several large projects. Austrian exports to the Philippines in the first 9 months of this year went up 248.9 percent to 241.4 million schillings. For this year, an export volume of about 300 million schillings is expected, which would be a new all-time record in Austrian trade with the Philippines. In addition to a complete hydropower plant that is being built by the Voest-Alpine and the Elin companies, Austrian firms have worked out plans for a coal mine, supplied road vehicles and mining equipment and constructed the first cable railway in the Philippines. Next year an Austrian Chamber of Commerce delegation specializing in capital goods and industrial equipment will visit the Philippines in an attempt to obtain additional orders for Austrian capital goods industries. [AU141515 Vienna DIE PRESSE in German 4 Dec 79 p 8 AU]

'KHARAVGI' URGES DISMANTLING OF BRITISH BASES

NC090835 Nicosia KHARAVGI in Greek 9 Dec 79 p 3 NC

[From the "Views and Comments" column: "The People Have Made Their Decision"]

[Text] The fresh reports about military mobilizations at the British bases, with the participation of American aircraft, support our charges that part of the Cyprus territory is being converted into a NATO war bridgehead. The war-readiness exercises being held at Akrotiri are directly connected with the U.S. threats and plans for intervention in Iran. Likewise, the Americanization of the bases is within the more general strategic plans of the United States to exercise control over the oil region.

These developments run completely contrary to the treaty of establishment that imposed the British bases on Cyprus territory and again prove that Britain does not honor its signature. But beyond this the presence in Cyprus of cells for aggressive war is a matter of life and death for our people. The operation of the bases and the purposes for which the imperialists intend to use them are not irrelevant to our problem. On the contrary, they are the root of the Cyprus problem. Only through the dissolution of the bases and the complete demilitarization of Cyprus, as provided for by the recent UN General Assembly resolution, would one of the most basic misfortunes for Cyprus be neutralized. Recently our people have made it clear in a most categorical way that not only will they not allow the use of their country against other people and national liberation movements, but also they will struggle with all the means at their disposal to dismantle for good the cells of destruction.

CSO: 4908

BRIEFS

AMBASSADOR TO BRAZIL--The Council of Ministers has appointed Mr Andreas Iakovidis, Cyprus ambassador to the United States, to serve also as ambassador to the Republic of Brazil. The Brazilian Government has given its consent to his accreditation. [Text] [Nicosia Domestic Service in Greek 1730 GMT 13 Dec 79 NC]

UNOBSTRUCTED TALKS URGED--In his report to the Security Council, the UN Secretary General points out an existing danger to which we must give serious thought. Mr Waldheim says that the credibility of the intercommunal talks is in danger after all the obstacles that have hindered their resumption for the past 5 years. The secretary general warns that the situation will deteriorate even further if the two sides fail to come to a new round of concrete negotiations or if they come to an agreement that they will not implement later. As also pointed out in the UN resolutions, the inter-Cypriot talks constitute the only correct path for solving the internal aspects of the Cyprus problem. This means rapprochement between the two communities and a means of promoting mutual understanding as well as cooperation between Greek-Cypriots and Turkish-Cypriots. At the same time, since they are held under the auspices of the UN Secretary General, it contributes to the internationalization of the Cyprus problem by keeping our problem before the eyes and interest of the international community. The friction over this procedure and rendering it obsolete would considerably reduce the possibility of achieving an agreed solution to the Cyprus problem by the two communities--the Cypriot people--who must solve their problems without foreign interference. Our duty is to exert every effort for substantive and unobstructed talks: to support and strengthen the intercommunal process and to render it not only credible but also effective. Thus we shall avert the danger that others decide for us and try to impose their solutions on our people in their own interests. [Text] [NC071151 Nicosia KHARAVGI in Greek 7 Dec 79 p 3 NC]

USSR WARNING TO U.S.--For days now the United States has been brandishing the sabre of punishment at Iran. It is threatening on land and in the air, concentrating navy ships on the shores of that country and making ultimatums over the release of the American hostages in Teheran. In every way it is paving the road for an invasion while stubbornly refusing to extradite the deposed shah, the tyrant of the Iranian people, who it supported for decades.

Eight American presidents--from Roosevelt to Carter--spoke highly of the monarch. With the overthrow of the shah they lost a rich source and an advance base. Washington has not digested its defeat in Iran, and it has never ceased plotting the overthrow of the new revolutionary regime. Now, by exploiting the hostages incident, Washington is gnashing its teeth and is exerting open pressure on Iran. There is imminent danger of a Middle East war. This fact has compelled the USSR to warn the United States that it opposes any interference in Iran's internal affairs. PRAVDA's article stresses "That it is unacceptable for the embassy incident to become the cause of a dangerous war provocation that would threaten international peace." The Soviet Union once again proves it is a responsible power interested in preserving peace in all concerns of the world. With its recent mediations and warnings it draws in the reigns of the imperialists' invasion alarms and protects the people from their expansionist appetites. [Text] [NC071229 Nicosia KHARAVGI in Greek 7 Dec 79 p 3 NC]

CSO: 4908

PRESS COMMENTS ON IRANIAN ISSUE IN LIGHT OF VANCE TOUR

DWill208 Cologne Deutschlandfunk Network in German to East and West Germany
0605 GMT 11 Dec 79 DW

[Press review on the U.S.-Iranian Conflict]

[Excerpts] U.S. Secretary of State Vance currently is seeking support in Western Europe for new steps against Iran. STUTTGARTER NACHRICHTEN makes the following comment: As a traveling salesman in matters of an embargo, Cyrus Vance is proceeding from one western capital to the next. He wants to try to solicit the support of the allies, including Bonn, for the trade embargo against Iran pursued by Jimmy Carter. The British government averred yesterday that it intends to support Washington energetically in this effort to have the American hostages in Tehran released at long last. The solidarity of the West, which is so quickly uttered on many occasions, indeed is challenged. Yet, it is at least doubtful whether the Vance mission ultimately will be a success along the lines of Washington's wishes. This is because a verbal solidarity with the United States does not yet constitute the guarantee of deeds following the end, too.

WESTDEUTSCHE ALLGEMEINE ZEITUNG advocates a similar view: Actually, what is happening to the United States now may well happen to any other state tomorrow in Khomeyni's Iran. Hence, it is our own, direct interest which offers [as heard, presumably "requires" is meant] solidarity with the illegally detained diplomats, the support of the United States in the struggle for the release of the hostages. No doubt about that. This need not mean that the Federal Republic or the other European states approve every action suggested by the Americans. An economic embargo has but a limited effect on a state whose leader refuses to see reason and turns the masses into fanatics. This is particularly true for the refusal of food-stuffs deliveries.

CSO: 3103

PRESS DISCUSSES SECRETARY VANCE'S EUROPEAN TOUR

DW110936 Cologne Deutschlandfunk Network in German to East and West Germany
0605 GMT 11 Dec 79 DW

[Press review on Secretary of State Vance's European Tour]

[Text] NEUE OSNABRUECKER ZEITUNG deals with U.S. Secretary of State Vance's visit to Europe: The U.S. Secretary of State made a blitz tour through Western Europe with visits to the capitals of the most influential European community states as a person looking for help. He asked in Bonn and Rome, in Paris and London for European assistance with regard to the next steps of the United States in the conflict with the Iranian black-mailers. Washington wants to take strong measures to increase the pressure on Tehran. That presupposes the fact that significant western states will not act independently and torpedo American actions. Should the Europeans in that moment of weakness abandon the American ally, not just Khomeyni will achieve a cheap triumph. In such a case the credibility of the Western alliance would begin to shake. How could the Europeans in future claim American protection if they refused to help the leading power when it was under grave pressure?

LUEBECKER NACHRICHTEN writes: Cyrus Vance found attentive listeners in all his stopovers--the last one was yesterday night in Bonn when he talked to Federal Chancellor Helmut Schmidt and Foreign Minister Hans-Dietrich Genscher. There was no lack of verbal statements pertaining to solidarity with the United States and preparedness to support the Americans in their efforts aimed at freeing the 50 hostages peacefully. And yet Secretary of State Vance would hardly be in a position to report to his president a successful conclusion of his mission, whether it was in London, Paris, Rome or Bonn--despite all the understanding for the Americans who are concerned about the fate of the hostages, the European allies do not seem inclined to join a general blockade of Iran.

SUEDDEUTSCHE ZEITUNG notes the following: Participation in a trade boycott would certainly contain hazards for European oil supply, but even more threatening would be continuous tension that would endanger the lives of the hostages every day more and more, and that could create the enormous

risk of a military liberation or punishment action by the United States. Such an action would endanger Europe's oil supply much more. The objection that Khomeyni can hardly be impressed by sanctions is contradicted by his own hysterical reaction. The time seems to have come when the deterioration of his authority could be promoted with countermeasures--carefully though because the chaos in Tehran makes one fear the worst for the hostages.

CSO: 3103

COMMENTATOR VIEWS RELATIONS BETWEEN BONN AND EAST BERLIN

DW121226 Bonn DIE WELT in German 11 Dec 79 p 6 DW

[Editorial by Matthias Walden: "Sample With Too Much Value"]

[Text] Do we shiver with cold regarding relations between Bonn and East Berlin because Helmut Schmidt has not yet sat down at a table with Erich Honecker to have thorough discussions? Did the vision of detente deteriorate to a veterinarian agreement and the exchange of information on swine fever because the Federal Chancellor and the chairman of the state council have not yet taken care of it at a meeting?

It seemed so at the SPD Congress. There was jubilant cheering when the chancellor announced that he would meet the leaders of the SED state early next year. A great number of the delegates and the entire plumage of the left wing obviously seemed to feel elated by the statement. Seen this way it was a tactical masterpiece of Helmut Schmidt to announce his visit at that moment and to that body. This oiled the passage for the tougher pieces that had to be gulped down by the wing that stands left on the SPD center.

It is a strange phenomenon that meetings with the rulers of the political east are being handled like a fetish and expected with believing hope. No setback and no deficit can calm down that enthusiasm. The worse East-West relations are--and present relations are particularly miserable--the more greedily the wishes for solutions or redemptions are directed toward such summit meetings. No meeting with Carter, Giscard or Mrs Thatcher--regardless of how harmonious and successful they might be--could from that point of view ever reach the importance of East-West meetings. There must be parapsychology involved because reality does not supply anything for going off into spiritistic trances with regard to the East-West conflict.

It must be welcomed that Schmidt will eventually try to talk to Honecker. When he was still hesitating, he said himself that something had to result from it. What? The first question cannot be answered yet because justified skepticism obstructs it. The answer to the second question can be given easily: For the people. One must be even more accurate: For the people over there, on the other side of the wall. Their position must be

improved, not ours. Even if Helmut Schmidt were to return emptyhanded it would still have the advantage that then--although just temporarily--the talk about allegedly missed chances would die down.

The fact that the meeting will take place in the election year is more than just a minor blemish. Once before the SPD chancellor came under the pressure of the election campaign when he had to whip through the treaties with East Berlin under the pressure of time. We are still suffering from the consequences of these agreements that were made at our expense. This time not conclusions of treaties are involved but the pressure to score a success could be harmful to the normally casual attitude of the chancellor.

Just one thing is certain at present: Schmidt's visit will considerably upgrade Honecker. A meeting with the respected and elected chancellor of the Federal Republic of Germany is an almost glorious gain in prestige for Honecker who is ill at ease, who has not been elected and who is maneuvering in his own sphere of rule.

Although the so-called inner-German relations are not the strongest side of the Federal Chancellor, he knows that the fruits he could gain will be scarce and the accompanying circumstances rather upsetting. He will overcome himself to make this excursion and he will take it upon himself. In contrast to Willy Brandt and Egon Bahr he will certainly not feel flattered by such a meeting or delightfully esteemed.

Yet Helmut Schmidt declared it to be desirable to develop his direct relations with Erich Honecker beyond the planned meeting and to have regular meetings--"according to the pattern of German-French consultations." That is a faux pas. Aside from the question of whether such frequent and regular discussions could be useful and successful, the comparison with German-French relations would actually be an insult for France. The pattern cannot be applied elsewhere because it involves an ally, a friendly and democratic neighbor state. The GDR is a satellite dictatorship for which we are a "hostile foreign country" and for the soldiers of which the Federal Republic is the target of SED militarism. Honecker represents the denial of human rights, he is a symbol of injustice done to our compatriots under which they suffer terribly.

Willy Brandt made the immense mistake of comparing his act of strength--which has lost its strength in the meantime--his "balance with the east," with the work of Adenauer, the reconciliation with the West. In doing this he overlooked the things the West has in common and the contrasts vis-a-vis the east. Those who cannot differentiate any more between our friends and those who say that they are our enemies must fail. Actually that was not to be feared with regard to Helmut Schmidt, but his comparison with German-French consultations, unfortunately, is equally wrong.

Since the federal government cannot directly approach our compatriots over there and the people of the Soviet Union, it is forced to deal with those who suppress these people--the ones we actually want to reach. That alone

curtails the chances of success terribly. For that reason the prerequisite is decisive that attention be paid to the contrast between the people involved and those with whom the governing people of the Federal Republic are given by necessity to deal with.

It must be hoped that Helmut Schmidt will be aware of this. The SED regime has been oppressing the citizens over there more brutally than ever, and it has hit the Federal Republic more than once below the belt. That calls for distance, determination in the meeting and renunciation of sweetening it up and spreading perfume for the "improvement" of the atmosphere. The atmosphere involved is being created in prison cells, at the mined borders and in the living rooms of German citizens who have become melancholy since their rights to freedom have been revoked. One ought to spare the nation the hope that some slapping on the back between Schmidt and Honecker, a banquet and a funny remark could give some related blessing to relations.

CSO: 3103

GENSCHER WELCOMES RHODESIA CEASE-FIRE AGREEMENT

LD071312 Hamburg DPA in German 1038 GMT 7 Dec 79 LD

[Text] Bonn--Federal Foreign Minister Hans-Dietrich Genscher has welcomed the agreement on a cease-fire reached at the Rhodesia conference in London. Genscher stresses in a statement published today by the foreign ministry that peace in Zimbabwe Rhodesia had thus come within reach. The conflicting parties' willingness to compromise had made this breakthrough possible. A substantial part of the conference's positive outcome was attributable to the active assistance of the frontline states.

Genscher felt that the correctness of Western policy in settling the conflict peacefully had been impressively confirmed in London. It was now a case of solving the conflict in Namibia as well. The fundamental acceptance of the proposals put forward by UN Secretary General Kurt Waldheim for a demilitarized zone along Namibia's northern border by the South African Government was a step in the right direction. The Federal Government appealed to the political understanding and the good will of all concerned. The Federal Government and its Western partners would do everything to bring about agreement on the Namibia question in order to make peace in southern Africa more secure.

CSO: 3103

THEO SOMMER VIEWS POSSIBILITIES OF EUROPEAN-U.S. SOLIDARITY

DW131127 Hamburg DIE ZEIT in German 14 Dec 79 p 1 DW

[Article by Theo Sommer]

[Text] The United States is in a grim pre-Christmas mood. The hostage drama of Teheran is burdening the minds. Embitterment is growing in view of the country's impotence vis-a-vis a "mob which is identical with the government" (Carter). Practice targets with Khomeyni's picture, pins with obscene curses of Iran, t-shirts with patriotic avowals ("nuke the ayatollah") are selling like hot cakes. At the universities, in editorials, and in the columns of letters to the editors, as well as in private conversation a new nationalism manifests itself. A tint of chauvinism is quite obvious.

Henry Kissinger expressed the feelings of the majority when he said: "The American people are fed up with always being pushed around, it is also fed up with being on the defensive all the time." More quickly than the normal swing of the pendulum of history could have caused it, the pious dictator of whom has put an end to the American Vietnam trauma. The abhorrence of outside involvements and the horror of overseas interventions did not last for long. The morality of a military intervention in Iran by the United States is hardly ever being discussed today, what matters alone is the expediency of the armed action. In statements such as "It is a pity that the CIA cannot do anything in Teheran" the U.S. intelligence service--for many years the target of furious attacks--is experiencing an unexpected rehabilitation. The mentality of the late John Wayne is spreading" a frustrated nation is urging action.

So far Jimmy Carter has resisted this urging. Reserve and veritable stoical patience characterize his management of the crisis--a crisis in which the hesitant character of the president ideally corresponds to the nature of the problem. Prudence, consistency and determination which he often enough failed to show in earlier cases have brought public respectability for his policy of reserve; for the time being, at any rate. But what if the captive Americans will be facing espionage trials, if verdicts will be handed down and sentences even executed?

Now the president wants to "tighten the screw a bit more every day." From now on action is to be taken to force the ayatollah to give in; action primarily in the economic field. In this respect Carter would like to commit America's friends and allies more strongly than before. He urges active solidarity which will no longer exhaust itself in manifestations of sympathy, protestations of friendship and diplomatic demarches.

The Americans themselves probably do not yet know exactly what they really want and what they want to ask of the allies. Abolition of the landing rights for Iran air? Delivery stop for military spare parts? Freeze of the Iranian accounts also in Europe? No purchase of oil from Persia anymore? Discontinuation of trade? Submission to a U.S. sea blockade or "quarantine" of Iran? So far the concept of the Carter administration has become visible only in outlines. But its fundamental expectation is unequivocal. Last week a delegation of high-ranking ministerial officials from Washington presented them in the European capitals; early this week Secretary of State Vance personally intervened; at the Brussels NATO conference the U.S. demand for solidarity became the outstanding secondary topic.

Surely Europe, whose military security depends on the United States and whose economic weal is closely interlocked with that of the United States, owes the partner beyond the Atlantic a high measure of solidarity. Giving Washington flank protection in the Iranian crisis is in the old world's very own interest. All of us must be interested in preventing unrestrained passion from smashing the agreement of ethical decency, the conventions, manners and self-restraint without which there cannot even be the ghost of an international order. All are interested in preventing the Western leading power from emerging from the Iranian crisis humiliated. And especially the Germans must be concerned that the transatlantic partnership will overcome the present difficulties without harm.

Nevertheless, the American claim to solidarity cannot justify the blind fulfillment of any demand. Earlier solidarity demands had been too abstruse for that--in 1964, say, the demand of Secretary of State Rusk that Bonn dispatch Bundeswehr soldiers to Vietnam, preferably two divisions, or at least two army engineers battalions as a stopgap. In other instances Washington generously used the solidarity without taking seriously the consultation commitment connected therewith--for example during the 1973 Yom Kippur War when U.S. troops and arms were sent to the Middle East from the Federal Republic without the written agreement--in the meantime renewed by Carter--having been observed that Bonn be consulted in such cases.

Solidarity must not be a one-way street. The interests of the allies must be sincerely included in the White House calculations. This means: all partners together must ponder the question as to what measures they want to take jointly beyond verbal protestations. Solidarity presupposes consultation, even codetermination. In view of the risks, which after all are greater for Europe than for the United States, the statement of a presidential adviser must be taken more seriously than it was probably meant:

"No economic extinction without representation"--no economic extinction of Europe without it having a say [keine wirtschaftliche ausloeschung Europas ohne mitsprache].

There are several criteria for joint crisis planning. First: It is necessary to differentiate between what would really serve the release of the hostages and all that would be mere actionism, pure political retaliation or psychological self-satisfaction. Second: The costs of any solidarity action must be equally distributed among all partners. Third: The medium-term and long-term effects of all actions must be included in the considerations in addition to the short-term effect. Will a measure elicit the solidarity of the Arabs with the Iranians? Will it inflict on the West the odium of hostility for Islam? Will it conjure up the danger of a regional conflict which might expand to global dimensions?

The Federal Government has already done a few things. Since early November it has ceased to grant export credit guarantees. The nonsupply of Iran with civilian and military spare parts had already been initiated "the cold way." To this day Bonn has successfully resisted the pressure of no longer paying for Iranian oil with dollars. The West German colony meanwhile has shrunk to slightly more than a thousand people. But beyond that it becomes difficult.

DW131128] An agreement to a blockade of waterways ought to be carefully examined with regard to the reaction of the Arab Gulf states and the Soviet Union and what an effect their reaction would have on oil supplies. (Renunciation of Iranian oil was not demanded with one single word or hints by the Americans at the session of the International Energy Agency early this week.) There exists no legal basis for freezing Iranian accounts in the federal republic. Since the Iranians continue to pay their bank debts in our country punctually, there is no basis for implementing the cross default clause, according to which all consortial credits become due immediately if a debtor somewhere fails to pay his debts to the consortium.

Washington now has become more concrete with regard to the solidarity problem of the allies. The following broad hint cannot be ignored in this connection: It was said that economic sanctions ought to make military intervention superfluous that would be much more risky; if the Europeans failed to cooperate, armed action would be unavoidable--against the Iranian air force, air defense and the fleet. It is hard to assess how serious such voices are. There exist ample scripts for military action; in case nothing else should help, as a last desperate way out: in case the hostages will be released, so as to teach a lesson to the Persians and all who wanted to imitate them; in case some or all hostages should be injured or even killed, as punitive action and retaliation. America's public opinion could begin to like these scripts more and more. Such chauvinism, however, would very much complicate internal coordination in the West.

Maybe a spectacular show of a completely different character would serve the Americans much better: a summit meeting according to the Guadalupe pattern with Saudi Arabian King Khalid, the statesmen could continue to demonstrate their solidarity with America--and they could ask the Saudi monarch to mobilize the highest religious personalities of the Islam to bring back Ayatollah Khomeyni from the wrong path leading to inhumanity to the path of the virtue of the Koran.

CSO: 3103

PLO'S ABU IYAD INTERVIEWED ON RELATIONS WITH FRG

LD161325 Hamburg DPA in German 1140 GMT 16 Dec 79 LD

[Text] Hamburg--Abu Iyad, security chief of the PLO, has criticized the Federal Republic's handling of requests for asylum by Palestinians, threatening violence should the liberal asylum legislation be continued. In talks with the Hamburg news magazine DER SPIEGEL and the Hamburg illustrated STERN, Iyad requested that German authorities stop the influx of Palestinian immigrants. The PLO spokesman told SPIEGEL: "It is not us who send people with arms and bombs, but many Palestinian patriots are disappointed and full of anger and bitterness."

A group of Palestinians facing trial in Berlin for a planned attack on a fuel depot was not meant to carry out assignments in the Federal Republic. However, Iyad did not rule out that that might be the case in future should nothing be done to stop the flow of Palestinians seeking asylum.

During the long drawn out process of dealing with applications for asylum in the Federal Republic, Iyad thought, Palestinians are recruited by the Israeli or American intelligence services, or fell victim to drugs. Iyad told STERN it was conspicuous that nobody bothered about these problems "since these people, without knowledge of German and without work are left to drift into crime." Iyad demanded a ban on the activities of foreign intelligence services in the Federal Republic, and noted at the same time that the PLO had succeeded "in infiltrating many of our people ostensibly seeking political asylum."

The PLO spokesman denied that there were German terrorists in territories controlled by his organization, adding that he did not intend to support German terrorists. He rejected the idea of helping in the search for German terrorists, even at the price of recognition of the PLO. "I do not wish recognition if it means playing policeman for the Federal Republic."

'Abdallah al-Ifranji, PLO spokesman in Bonn, told STERN concerning Iyad's remarks that the PLO leadership continued to be possessed of good will, but the passivity of the Federal Republic towards the "machinations" of the Americans and Israeli intelligence services had caused the PLO to adopt a passive attitude. He added "if individual Palestinian groups seek to revenge themselves on their own account on Germans, then we cannot prevent them from doing so."

PLANS TO USE BONN METRO AS CIVIL DEFENSE SHELTER OUTLINED

Sofia GRAZHDANSKA OTBRANA in Bulgarian No 10, 1979 pp 34, 35

[Article: "Construction of Defense Installation in Bonn Metro"]

[Text] The West German magazine CIVIL-VERTEIDIGUNG published in its first issue of the current year an article by Engineer Otto Schable, which discusses the idea of simultaneously building a large shelter installation with the central station of the Bonn Metro. The shelter is to have room for 4,500 people, with six additional premises for people needing medical care. Each person will have 1.24 square meters of space for sitting or lying down. This shelter-station will have room for four trains and four pairs of tracks. Altogether there will be 3,084 seats. The rest of the people will stay on the platforms and in the adjoining premises.

The entrances of the shelters will be facing east and west and the exits will lead to the squares around the station.

The old metro tracks do not run very deep underground. Therefore, the platforms' level will have to go twice as deep. The construction will be done in two stages. During the first stage the two outer pairs of tracks, where only the metro trains will run, will go deeper. The middle tracks will remain on the same level and will be used by tram cars. At the completion of the construction the entire system will be on the same level.

The large shelter will provide protection from falling debris, radioactive fallout, fire, and poisonous gases. Later on, depending on the technical conditions, guarantee protection from a direct hit might also be guaranteed.

If adequate ventilation equipment and water wells are provided, a stay in the shelter could last a long time. The size of the shelter will be 30,000 cubic meters. Thus, when tightly closed and used to full capacity, the people could stay there for 11 hours. The power supply will be coming from the city system. It will also have two additional power generators and 40,000 liters of diesel fuel as a reserve supply estimated to last for 14 days. The additional power reserves could be used in peacetime and whenever necessary by the subway system.

Drinking water will be supplied by a well and a steel water tank with 160 cubic meters capacity.

The shelter will be located on the level of the underground water table, i.e., about 10 meters under ground, which will also be the level of the platforms. The main premise will be the platform hall, which will be 190 meters by 32 meters and in height 5 meters above the level of the railroad tracks. The technical premises will be located in a superstructure 15 meters wide and 110 meters long in the eastern side of the building. At its highest point the shelter will be 5.30 meters underground and at its lowest 17.80 meters.

The dimensions of the separate parts will be: ceiling 0.60 meters, side walls 0.40 to 1.0 meter, base concrete floor 1.30 meters. The walls will be treated against dampness.

The construction of the described shelter, together with all preliminary work, will take 11 years. The construction will be managed by an interdepartmental commission comprising representatives of five ministries. The cost will be about 8 million West German marks.

Two of the four sluices will be built around the exits of the subway. They will be used when the doors are closed.

Small windows and mirrors will be used for supervising the sluices. The sluice gates will be operated by electric mechanisms at the sluice command desk.

Entering and exiting will be directed by electric bells and loudspeakers as well as directly from the sluice windows and mirrors.

The sluices will be supplied with showers for sanitary treatment for those exposed to radiation. For more effective results the water for the showers will contain alkylarilsulfonate. The showers will have hand pumps for sucking out the used and radioactive water.

There will be 12 exits altogether (8 on the four pair of tracks running through the shelter). There will be two exit doors on the southern platform and two on the eastern. The doors will be made out of metal, 40 cm thick, with concrete in between. They will be aluminum-coated and unnoticeable in peacetime. The doors at the tracks will be revolving, operated by springs, and will not be coated. By taking out the springs they will close manually. For the purpose at the end of each track there will be a special device for activating the springs.

The mobile revolving doors at the four exits of the track tunnels will weigh 20,000 kg each and will be placed in wall niches. For tight closing a hydraulic cylinder will be used as well as a concrete tie between the tracks; the opening and closing will be done by hand. For easier movement the door hinges will have roller bearings. For airtight closing, there will be a rubber gasket attached with metal tape. The openings around the tracks will have rubber wedges.

The construction of the ventilation system will be based on the sufficient supply of well water (not on the peacetime water supply system). The water will be pushed by pumps toward the cooler of the incoming air, for removal of unwanted particles from the incoming air. The air will be sucked in from the tunnel of the city train. The used air will be directed to the eastern superstructure of the station. The two air streams do not come into contact with each other.

The air from the tunnel will enter the primary chamber and, under normal conditions, will move toward the fans. In case of contamination (by atomic blasts and others) it will pass through filters. The entire volume of air to be purified in the ventilation system will be about 100,000 cubic meters.

The work of the supercharging and relaying fans will be coordinated. If the outside air is hot and the primary sand filters become overheated, a switch-over will take place and the air will pass through the filters.

One liter of well water will be treated with 1,888 milligrams of chloride, 111 milligrams of sulphate, and 110 milligrams of carbonic acid. In the case of sufficient water supply, there will be no need for additional coolers.

The regulating of the temperature of the different air streams will be done by electric mechanisms.

Drinking water will be supplied by the main water system, as well as by a well located in the eastern part of the underground facilities. The well will require a special construction as it will be built 2 meters under the average level of the underground water table. The existing pressure under and over the water table will be equalized by a special valve. A pump will be used. The quality of the existing water is good. Removal of the used water will be done by central removal facilities and will flow into the sewer system.

The storage rooms will be at the end of the platforms. Mattresses to be used for sitting and lying down as well as all other necessary materials will be located in the storage rooms. The storage rooms will also be suitable for shelter premises.

The lighting at the platforms will be part of the central system. In the remaining premises it will be switched on on the spot. There will also be night lighting of 15 watts. Additional emergency lighting by batteries will also be available.

1010
CSO: 2200

MILITARY JOURNAL PROVIDES DETAILED 1980 MILITARY BUDGET

Bonn WEHRTECHNIK in German Nov 79 pp 91-92

[Text] The 1980 defense budget ceiling (Individual Plan No 14) was increased by 2.9 percent, to a total of DM37.73 billion compared to 1979 when the figure was DM36.66 billion. If we add the pay increase funds which will be allocated at a later date from the No 60 Individual Plan (General Finance Administration), then the rate of increase will be about 4.4 percent. The ratio between operating expenditures and defense-investment expenditures was shifted only by a few fractions beyond the decimal point and is now 67.6:32.4 percent (see Table 1).

Operating Expenditures

The additional requirement for operating expenditures is due primarily to improvements in the personnel area. That contains about DM260 million for higher pay as well as the effects of the new army organization for which 550 new enlisted slots and 1,000 additional reserve field exercise training slots have been provided. The number of reservists on training exercises will be increased from 5,000 to 6,000. While adhering to the total personnel manning target of 270,000 career and extended-service personnel, 778 new plan slots are being created, including 550 for the new army organizational structure in the three additional armored brigades, 127 duty slots in the integrated NATO sector (46 duty slots are being taken over by other nations, in other words, we have a net increase of 81), 49 for the German military share of AWACS, 30 for MAD, 16 for the navy and 6 for character guidance school. For civilian personnel, we have allocated a total of 354 new personnel slots including 93 in armed forces hospitals, 48 at the Armed Forces College, 30 at the Federal Government Technical College, 30 at armed forces technical schools, 4 at the character guidance school, 17 at MAD, 17 at AWACS (one for systems management in the Federal Defense Ministry and 8 in the military procurement bureau), 40 for social welfare, 30 for EW and communications monitoring, and 45 for the reorganization of the equipment testing establishment.

Equipment Maintenance and Operations

The heading "Equipment Maintenance and Operations" will go up by 3.4 percent. Here it is striking to note the higher maintenance costs for ships which result from the larger number of ship repair operations planned for 1980: one F-120 frigate, 5 S-148 and 24 U-205/205 (see Table 2).

Table 1. 1979 Defense Budget Compared to 1980 Draft (Expenditures in DM1,000)

Ausgabenbereich (1)	1979	1980
□ Personalausgaben (2)	16 016 888 + 6,2 %	16 425 379 + 2,6 %
□ Materialerhaltung und Betrieb (3)	3 551 440 + 4,1 %	3 669 950 + 3,3 %
□ Sonstige Betriebsausgaben (4) (OGr 51 - 54, Teile HGr 6 u. 9) (z. B. Verpflegung, Betriebsstoff)	5 343 761 + 2,4 %	5 423 280 + 1,5 %
Betriebsausgaben (5)	24 912 089 + 5,1 %	25 518 609 + 2,4 %
□ Forschung, Entwicklung, Erprobung (einschl. Zuschüsse, Zuwendungen an Forschungsinstitute) (6)	1 816 027 + 6,4 %	1 736 150 - 4,4 %
□ Militärische Beschaffungen (7)	8 071 540 + 8,1 %	8 639 424 + 7,0 %
□ Militärische Anlagen (Bauten einschl. NATO-Infrastruktur) (8)	1 525 030 - 1,9 %	1 482 030 - 2,8 %
□ Sonstige Investitionen (9) (z. B. Grunderwerb, Aufschließungsmaßnahmen, Erwerb von Geräten und Fahrzeugen für Verwaltungszwecke)	338 919 - 35,1 %	359 504 + 6,1 %
Verteidigungsinvestive Ausgaben (10)	11 751 516 + 4,5 %	12 217 108 + 4,0 %
Plafond (11)	36 663 605 + 4,9 %	37 735 717 + 2,9 %*)

*) Unter Berücksichtigung der Personalverstärkungsmittel beträgt die Steigerung 4,4 %.

Key: 1--Expenditure sector; 2--Personnel expenditures; 3--Equipment maintenance and operations; 4--Miscellaneous operational expenditures (OGr 51-54, parts of HGr 6 and 9), for example, rations, POL; 5--Operating expenditures; 6--Research, development, testing (including subsidies and allocations to research institutes); 7--Military procurement; 8--Military installations (buildings, including NATO infrastructure); 9--Miscellaneous investments (for example, land purchase, land development, procurement of equipment and vehicles for administrative purposes); 10--Defense-investment expenditures; 11--Ceiling; (*) Considering the personnel boost funds, the increase comes to 4.4 percent.

Table 2. Armed Forces Equipment Maintenance Costs (In Billions of DM, Increase in %)

	1977	1978	1979	1980
Erhaltung des Fahrzeug- und Kampffahrzeug-materials (1)	1 036 + 7.8 %	1 145 + 10.5 %	1 239 + 8.2 %	1 280 + 3.3 %
Erhaltung der Schiffe usw. (2)	436 + 17.7 %	420 - 3.6 %	410 - 2.4 %	450 + 9.8 %
Erhaltung der Flugzeuge, Flugkörper usw. (3)	1 125 - 2.1 %	1 119 - 0.5 %	1 120 + 0.1 %	1 130 + 0.9 %
Erhaltung des Fernmelde-materials (4)	232 + 3.0 %	254 + 9.6 %	282 + 11.0 %	290 + 2.8 %
Erhaltung des Feldzeug-materials (5)	269 + 4.4 %	229 + 9.7 %	255 + 11.4 %	269 + 5.5 %
Insgesamt (6)	3 037 + 4.5 %	3 167 + 4.3 %	3 306 + 4.4 %	3 419 + 3.4 %
1977, 1978: Ist-Ausgaben; 1979, 1980: Soll-Ausgaben.				

Key: 1--Maintenance of motor pool and combat vehicles; 2--Maintenance of ships, etc.; 3--Maintenance of aircraft, missiles, etc.; 4--Maintenance of communications equipment; 5--Maintenance of ordnance equipment; 6--Total; 1977, 1978: actual expenditures; 1979, 1980: estimated expenditures.

Defense-Investment Expenditures

The defense-investment expenditures went up by about DM466 million, corresponding to an increase rate of 4 percent. Arms expenditures, in other words, expenditures for research, development, testing, and procurement of missiles or equipment, can be broken down percentagewise as follows:

Combat action against hostile forces and targets	63.5%
On the ground	31.1%
On the sea	16.2%
In the air	16.1%
Support	23.6%
Personnel	12.7%
Miscellaneous	10.3%
Materiel	0.6%
Command and reconnaissance	12.9%
Reconnaissance	8.2%
Command	4.8%

Research, Development, Testing

It is interesting to note the drop in the present expenditures by DM80 million or 4.4 percent. This can be explained by saying that the money requirement for development work on the second weapons generation will drop by about DM180 million down to DM428 million in 1980, whereby the Tornado itself will require DM110 million less than in 1979. "The preliminary work for a future weapons generation on the other hand will be stepped up increasingly only over the next several years. During this interim phase, the projects initiated can be continued although the funds have been reduced in overall terms." So much for official explanations.

Specifically, the following have been provided: DM190 million for military-technical research; DM1,532 million for military-technical development and testing; as well as DM14 million for military research, development, and testing apart from military technology as such (military medicine, the medical corps, rations, clothing, housing). That includes DM133 million for the financing of community research facilities and DM57 million for military-technical research contracts whereby the emphasis here is in the area of electronics, aerodynamics and hydromatics, raw materials and ballistics. In military development and testing, the emphasis in 1980 will be on tanks, AT defenses, sea and air defense, AA defense, artillery, reconnaissance, modernization of command systems and communications systems, EW equipment, as well as futuristic technology.

Military Procurement

Procurement expenditures will go up by 7 percent to a figure of DM8.6 billion, of that amount, 70 percent will go to German industry and 30 percent will go abroad; DM5.1 billion (59 percent) are needed for the further financing of the new weapons generation. These expenditures will go up until 1982 (DM5.7 billion) after which they will drop again so that more and more money will become available for other projects. Here is the detailed expenditure breakdown:

Section	In 1,000 DM
1408 Medical Corps equipment	70,194
1410 Rations	109,280
1411 Clothing	350,250
1413 Engineer equipment	61,000
1414 Communications equipment	536,000
1415 Ordnance equipment	4,200,000
1416 NBC protection equipment	46,000
1417 QM equipment	55,000
1418 Ships and naval equipment	810,000
1419 Aircraft, missiles	2,290,000
1422 AWACS contribution	111,700
Total	8,639,424

Emphasis is on the following procurement projects.

In the army, the Leopard 2 battle tank and the PAH-1 [AT helicopter], the Gepard and the Roland;

In the air force, the Tornado and Alpha Jet (totaling DM1.77 billion, in other words, 20 percent of all procurement funds);

In the navy, the model 122 frigate.

Medium-Range Finance Planning

Medium-range finance planning calls for the following ceilings on the defense budget during the following years, with 31 December 1978 price levels and status:

	Billions of DM	Changes
1980	37.7	+2.9%
1981	38.5	+2.1%
1982	39.2	+1.6%
1983	39.8	+1.6%
1980/1983	155.2	

Defense Expenditures According to NATO Criteria

Defense expenditures according to NATO criteria include not only the defense ministry budget (No 14 Individual Plan) but also expenditures amounting to about DM 9.8 billion for the following:

NATO defense and equipment aid (No 05 Individual Plan);
German share for NATO civilian budget (No 05 Individual Plan);
Forces stationed (No 35 Individual Plan);
Military retirement pay (No 33 Individual Plan);
Defense agents (No 02 Individual Plan);
Federal border guard (No 06 Individual Plan).

All of this totals about DM47.5 billion; if one also adds the expenditures for assuring Berlin's life support as a contribution to foreign security, then we even get a figure of DM60.3 billion corresponding to an increase of 4.5 percent or 5.3 percent.

If we look at these figures from the viewpoint of the NATO objective of an annual increase of 3 percent in real terms, then the increase presumably will not be enough in order fully to attain this goal. Many other countries in the Atlantic Alliance will also have to come to grips with the same problem, although with the difference that they are going to have to cope with double-digit inflation.

Defense No Longer in Demand

A comparison of defense expenditures in 1970-1979 with other federal government expenditures reveals interesting aspects.

Between 1970 and 1979:

The defense budget went up 89 percent;

Defense expenditures according to NATO criteria increased 101 percent;

NATO defense expenditures according to NATO criteria, including expenditures for Berlin, rose 122 percent;

The federal budget grew by 132 percent;

Federal government social welfare expenditures rose 170 percent;

And federal government educational expenditures went up 228 percent.

Economic Significance of Defense Expenditures

The explanations for the draft of the 1980 defense budget point out that defense expenditures are an important factor in the civilian economy. Thus we have the following passage here:

"The Federal Armed Forces,

"Annually spend about DM1.7 billion for the development of modern technologies;

"Annually spend about DM1.4 billion for above-ground and below-ground construction;

"Improve the regional economic structure by establishing military posts and bases, depots, and duty stations;

"Through the pay of their approximately 669,000 military personnel and employees (including 495,000 military personnel) they participate in events on the market; and

"Award armament contracts worth about DM12.5 billion per year to about 10,000 enterprises with numerous subcontractors.

"To be sure, armament shares in the output of the processing industry only to the extent of about 2 percent. Nevertheless it helps assure between about 150,000 and 200,000 jobs in the processing industry."

5058

CSO:3103

LACK OF HEADROOM CAUSES MORALE PROBLEM AMONG ARMY OFFICERS

Munich SUEDEDEUTSCHE ZEITUNG in German 2 Nov 79 p 3

[Article by SUEDEDEUTSCHE ZEITUNG Correspondent Christian Potyka: Patient: FRG Armed Forces Circulatory Disorders Due to Promotional Blockage--Careers Facing Obstructions]

[Text] Bonn, October 1979 The FRG Armed Forces have turned into an army of complainers. Its officers have rarely ever been as outspoken as now that they have to worry about their careers. Says an Army Captain who has been doing the work of a major (A 13 pay scale) in a brigade staff for a number of years, but is still being paid according to A 11 amounting to a difference of more than 400 German Marks a month net, "The morale among the captains here is miserable." One of his comrades who finds himself in a similar situation sums up their morale as follows, "We are totally disgusted."

A third captain working in a major's slot approaches the problem with less emotion: he wants to file suit. He believes that the "payment according to function" calls for taking the risk of a test case, particularly since he feels that the FRG Armed Forces have violated the principle of equality: Can an employer apply different pay scales to two "positions of the very same nature"--in this case those of technical staff officers in a rifle battalion--by remunerating one such officer according to A 11 and the other, whom the above-cited Captain knows of, according to A 14 (!) ?

Not only captains are stirring nowadays, but non-commissioned officers and former noncommissioned officers who have come up through the ranks and are now working as officers in the so-called Technical Corps are posing bitter questions. A first lieutenant of this Technical Corps, for instance, wants his Bundestag deputy to tell him how, "in the face of this situation" in the military, he is supposed to derive the "necessary motivation and required attitude" towards his job. The situation of this First Lieutenant leads one to believe that a joker is in charge in personnel.

Less Pay for the Commended Soldier

In the past 2 decades, this technical officer who has been a soldier since 1960 has received six so-called official recommendations for "exemplary performance of duty," "outstanding expertise" and similar commendations. In

addition, in May 1979, the inspector general of the Air Force presented him a wrist watch as "first prize" for "outstanding performance serving the troops." Almost simultaneously, however, the first lieutenant learnt that the pay of his position, in which he has been performing with such excellence, will be reduced.

Throughout the Air Force, eight comrades of this commended first lieutenant are experiencing similar fates. The reclassification is neither, a type of punishment nor a dirty trick, but is inherent in the system. This step is the result of constraints characteristic of the present status of the military personnel system featuring its much-cited promotional obstructions and dead ends. Using its logic, the measure can even be explained. The first lieutenant, however, will hardly understand the measure from his point of view. He has lost faith in the leadership of the FRG Armed Forces. In his letter to his deputy he states the reason for writing to him as follows: "Since I cannot expect anything (positive) from my employer concerning these problems...."

The bitterness of the "career-damaged" easily turns into aggression. Bundestag in Bonn could become a target. An officer facing obstruction and a dead end terms the Federal Parliament to be the "main cause" of the Armed Forces' misery in the personnel sector. As far as the soldiers' social needs are concerned, according to him, "used by a government that is allowed to sweep the soldiers' pending problems under the carpet without ado, and has done so for many years." Another "obstructed" captain shows how blindly someone in a situation like this can react. To him, the present trend of "frustration development," as he terms it, has given rise to all his grudges against society and the incumbent government. He poses the rhetorical question, "Are we the 'Jews' of this socialist society?"

Even an organization which is not at all to blame for the professional obstructions, but, rather, has been trying for years to point out the problem of government vs. public as an essential political issue, i.e. the Deutsche Bundeswehrverband (FRG Armed Forces Professional Association), has been made a scapegoat. More and more soldiers have been submitting statements of resignation to the association's headquarters on Bonn's Suedstrasse pointing out the personnel issues and the alleged inactivity of the organization which, in fact, is turning into a soldiers' union under increasing pressure from the troops. Thus, the influx of letters to the Suedstrasse headquarters constitutes a good barometer for troop morale. Approximately ten such letters are received here each week. The impressions are rounded off by reports from the military post organizations of the Association indicating "a high degree of dissatisfaction" in entire areas and an increase in attitudes of complete resignation. According to one report, "there is a lack of incentive to fight for a cause, because promotions are highly unlikely."

In order to positively refute the charge that it is blowing the problem out of proportion in an attempt to further its own interests, the association had a poll conducted among all soldiers of the FRG Armed Forces, including non-members. This poll confirmed the high priority given to the problems of

career obstruction and dead ends. In mid-October, one officer, who does not consider himself personally involved, wrote a letter to Minister of defense Hans Apel on behalf of his comrades, who are affected by the situation, saying: "For my and your sake and the entire Armed Forces' sake, I do hope for a clean and clear-cut solution to this problem on all levels in the near future." He went on to say that he hoped that the "opportunity for long-term personnel planning" would soon arise again, before "doubts as to the willingness of the employer to take care of the troops could result in farreaching consequences for operational readiness for action."

Previously, the Sozialwissenschaftliche Institut der Bundeswehr (FRG Armed Forces Institute for Social Science), SOWI, located in Munich had already given signals to the Ministry to the effect that these consequences have already materialized. Thirty five soldiers affected by the lack of promotional headroom had been extensively interviewed by two SOWI interviewers. The interviews took one to two hours each, the purpose being that SOWI only wished to collect material to initiate a broader, more representative analysis. It wanted to find out where and how exactly to begin with that task. The subjects' statements, however, were so depressing and the processing of the problem context so alarming that in October a news agency presented the pre-investigation to the public as an "internal" and "secret" study which as a result has created a sensation.

The leaders of the Armed Forces must be frightened, above all, by the reasoning of the analysis that the career obstructions do not only lead to a "diminishing of trust," a "lack of motivation" and a "impairment of comradeship" (due to increased competition for those rare positions authorized in the budget), but that they can eventually cause a change in how the profession is conceived. The SOWI soundings indicate that in view of the general expansion of bureaucracy in the Armed Forces and the extreme importance of measurable data and formalisms for the career of a soldier, the affected officers in their "insecurity" might receive the impression that the FRG Armed Forces "require a different type of officer;" according to the subjects' statements, "technocrats have a better chance for advancement in the military. Unit commanders, in order to be promoted, must adapt to technocratic requirements and behave accordingly."

In view of these consequences it can be understood why a personnel expert of the army, Col Werner von Scheven, compares the effects of the obstructions on the "body of personnel" of the Federal Armed Forces with a "severe circulatory disorder." Not only has the officers' and noncommissioned officers' corps been disturbed in its "peculiar and many-faceted regeneration cycle" to such a degree that "to a large extent a standstill is about to set in," but the patient (FRG Armed Forces) is obviously prone to additional aches and pains afflictions due to its poor general state of health, all the more, as the responsible physicians differ in their opinions on how to treat the patient: The FRG Armed Forces Association demands new positions as soon as possible, or at least the disclosure of future therapy as an immediate "signal." Chief Physician Apel, however, obviously considers the troops to be in top physical condition, or at best to be slightly hypochondriac.

Maybe the problem is being dramatized then? Is it possible that a small group in the army is skillfully pushing its interests in order to make this issue an affair of public interest? Anyone who harbors this suspicion about the obstruction problem should lose it after talking to Heinz Schaefgen and his staff. Schaefgen is "personnel manager" of the FRG Armed Forces enterprise. The obstruction burdened him for years. He is particularly worried about the fact that the promotional delays becoming apparent now are only indicators of a massive "dead-end" situation setting in as of 1982.

The obstruction is being faced by someone (as in the case of the three aforementioned officers) who is already working in the next higher function and slot, but who cannot be promoted due to a lack of the necessary position authorized in the budget, coupled with the corresponding rank. The officer is "merely" underpaid, so to say. Anyone who happens to end up in a promotional dead-end position, however, finds that the next higher advanced function offering further training and advancement is not even free. According to Schaefgen, a total of approximately 9,000 officers and noncommissioned officers are affected by the latter obstruction, the more encompassing of the two types. These numbers, however, might not be final. According to the FRG Armed Forces Personnel Department, 1,200 captains and commanding lieutenants find themselves in dead-end positions. The association, however, believes that 2,500 members of this group alone are experiencing promotional obstruction. The borders are in flux, the criteria vague. It seems that the overall extent of the situation has not yet been determined.

The Border of Youthfulness

It is difficult to find someone who is clearly "to blame." The structural distortion came about when, during the initial years of the FRG Armed Forces, the missing applicants from the exempt from military service age brackets were replaced by younger professional soldiers, and the gap in the enlistees on extended time was filled with professional soldiers as well. Also, the FRG Armed Forces were originally conceived on a larger scale. This is why the age stratification of the "body of personnel" is unbalanced. There is a lack of approx. 3,000 officers born in the years 1925 to 1934, and there is an excess of 4,700 officers born between 1935 and 1944. This fact could be lived with, if the military were a static system and the respective function of an officer were independent of his seniority. In contrast to other fields of public service, however, a soldier's age is a "sign of suitability." One literally speaks of a "border of youthfulness." Troop commanders cannot be "grandpas" if the FRG Armed Forces are to remain viable and functioning. (Similar, but not such complex conditions apply to noncommissioned and technical officers.)

In addition, officers must show competence in as many areas as possible in order to qualify for top positions. This demands a rapid "turnover." If the flow of personnel is to be maintained, about 500 professional soldiers have to resign each year in order to give way to the ones pushing to the top. Starting in 1982, this number will drop far below 500, will reach its absolute low in 1985, will then increase slowly until 1992 and thereafter

quickly surpass the quota again, because it is then that the officers born in those years with high birth rates (born between 1935 and 1944) will be old enough to be pensioned (following those born in the years with a low birth rate). The troops feel that they do not measure up to such leaps and bounds, considering all the consequences for the efficiency and attractiveness of the army. And so the pulse rate is already becoming unsteady.

9544

CSO: 3103-R

BRIEFS

MEDIA STRIKE VOTE--Munich--A majority of the broadcasting trade union members have voted in favor of a token strike between 1900 and 2300 GMT on 19 December. Although four broadcasting stations--Deutschlandfunk, Rias, Southwest Radio and Second German Television--did not obtain the 75 percent vote in favor necessary for the strike, it can go ahead because the 75 percent mark was exceeded overall. According to the Radio, Television and Film Workers' Union, 79.8 percent of those eligible to vote did so, with 77.8 percent of these favoring a strike and 20.9 against. At least 50 percent of eligible voters had to vote and at least 75 percent of the votes had to favor a strike in order for it to take place. The vote ended today. The courts now have to decide next Wednesday whether the country-wide strike will take place. [LD151627 Hamburg DPA in German 1546 GMT 15 Dec 79 LD]

CSO: 3103

GOVERNMENT'S CAPITULATION TO KHOMEYNI BEMOANED

LD121633 Paris L'AUREORE in French 10 Dec 79 p 1 LD

[Article by Georges Laffly: "When Paris Capitulates"]

[Text] It seems that France has become a wasteland where a manhunt is in progress and that Khomeyni's killers can come here and conduct their business without concerning themselves with the French, who are slaves with no say in the matter.

It seems so since we have heard Ayatollah Khalkhali congratulating himself on having had the shah's nephew killed in Paris in broad daylight and announcing future victims, such as Mr Bakhtiar. We have learned at the same time that these exiles are not entitled to the police protection which the evil prophet now oppressing Iran enjoyed for so long at Neauphle-le-Chateau.

There are no plans for the exiles, today's hunted. The right to asylum does not give them the right to live. And to our shame it is enough for our foreign minister, Mr Francois-Poncet, to react to the murder of a guest of France with a vague condemnation of terrorism.

Mr Francois-Poncet is not shedding any tears. As far as he is concerned there is no need to shake the turbaned ones and tell them that France is no abattoir. He mumbled a few words and capitulated. With the excuse of an "economic" consideration (contracts, oil)? Not even that. This consideration, evoked last year, was subsequently strongly denied.

This complacency is poorly disguised beneath the noble motive our independence. [sentence as printed] Today Cyrus Vance is coming to Europe to remind the U.S. allies that they will not guarantee themselves respect tomorrow by abandoning his country to its ordeal today.

We are reminded of this lesson--which we will doubtless refuse to learn--by other threats. Tomorrow's Brussels meeting on strengthening NATO is another example.

Both with regard to Iran and with regard to European security the nation's "sacred egoism" must not constitute the easy path, the path of surrenders. Their cost is high.

BRIEFS

EAST-WEST NEGOTIATIONS--By proposing negotiations Moscow is obviously trying to prevent the deployment in Western Europe of new weapons capable of reaching Soviet territory. However, what would there still be to negotiate for the NATO countries if they were to satisfy the possible adversary on this essential point before the discussions were even opened? And if the negotiations were to become bogged down how could they take the responsibility of breaking them off in 6 months or 1 year without then giving new arguments to Soviet propaganda? In the present situation it is virtually certain that the NATO council will decide both to deploy the new weapons and to offer Moscow negotiations. It is to be hoped that these offers will be as credible as possible to convince the Soviets that they are not facing a devilish plot but legitimate anxieties. At that stage France, if it wishes, will have an important role to play with its plan for a European disarmament conference. [Excerpt] [LD130839 Paris LE MONDE in French 12 Dec 79 p 1 LD]

PCF DISSIDENT INTERVIEWED--Paris LE MATIN in French 4 December 1979 carries on pages 2 and 3 a 2,300 word Didier Buffin and Guy Claisse interview with dissident PCF historian Jean Elleinstein in which he criticizes the PCF leadership for the stance it took on former French Labor Minister Boulin's suicide and for its handling of the "Fiszbin affair." "The fact that L'HUMANITE refuses to publish Fiszbin's and Gajer's resignation letters raises a real problem which shows that the decisions of the 23d Congress are not being applied. He goes on to stress that the PCF must "break with everything which has made Stalinism for years and years. That is the path chosen by the 22d Congress. It is the path confirmed by the the 23d Congress." Elleinstein goes on to criticize the PCF's attitude toward the Soviet Union and to confirm that his attempt to cooperate with the PCF leadership has failed completely. [Editorial report LD] [LD071301 Paris LE MATIN in French 4 Dec 79 pp 2-3 LD]

MISSILE TESTS CONCLUDED--MATRA has announced the conclusion of the Otomat long-range operational missile's validation test firings using the 'Clio' fire-control system (produced by the Naval Weapons Manufacturing Company) and firing from French-built ships. The series of five test firings, which closed with a bullseye, took place at the CEM [Mediterranean Test Center] from the escort vessel "Le Basque." [Text] [Paris AVIATION MAGAZINE INTERNATIONAL in French 1-14 Dec 79 p 16]

'TO VIMA' REPORTS U.S. PLAN TO LURE GREECE WITH MODERN WEAPONS

AT091950 Athens TO VIMA in Greek 9 Dec 79 p 3 AT

[Article by St. Evstatiadis, TO VIMA Correspondent]

[Text] New York, 8 Dec--The U.S. Government will try to "lure" the Greek Government with promises of modern military equipment and assurances of an understanding of Greek problems. The effort, which was manifested some weeks ago, will become more official in the immediate future, principally within the framework of talks during the NATO ministerial conference in Brussels. Before that Athens was sounded out and, at least according to Washington's evaluation, "it responded rather favorably."

Specifically, the United States will give an assurance to Greece that, first, the Pentagon will review its previous decision that F-16 fighter planes not be given to Greece, and second, that Washington will be prepared to discuss sales of the ultra modern F-18 fighter and of other "weapons systems," especially missiles in which Greece has shown an interest but whose sale the Pentagon has banned.

The offer to Greece of F-16 and later of F-18 planes was also made to Turkey a few days before the ouster of the Ecevit government.

Washington believes that because of these "offers" the Greek Government will restrain its reaction to the decision in principle by the Pentagon and the White House to give increased military aid to Turkey in the next few years. Washington, to which the Greek side last month expressed its displeasure and uneasiness over Turkey's excessive arms, buildup understands that "it should do something spectacular at least to appease the Greek military." It is believed that assurances about the F-16 and the missiles will help in this connection.

At the same time, the U.S. Government will give soothing assurances to the Greek Government about a constant U.S. interest in maintaining the balance of power in the Aegean. Greece should be convinced that "a short-term increase of the Turkish military potential in the area will not constitute a permanent situation. The balance of power will be restored

in the long run," an authoritative U.S. source claims. The same source explained that the Pentagon is of the opinion that currently it is necessary to strengthen Turkey military as soon as possible, even though the ratio of aid to Greece may be upset, because of the crisis in the area and because the Turkish armed forces lack modern arms in view of the "embargo" that had been imposed for 2 years.

The assurances lie within the spirit and letter of State Department "instructions" in early October which TO VIMA reported on 25 November.

Always within the spirit of these "instructions," the relevant U.S. assurances were to be given to Greece officially by Under Secretary for Security Assistance, Science and Technology Benson who had planned to come to Athens in the first week of December.

Benson, who was scheduled to have talks with Minister of Coordination Mitsotakis and Minister of National Defense Averof, was also to discuss "issues linked with the Greek arms industry and substantive agreements for joint Greek-U.S. production of military equipment, and a long-term military industry cooperation agreement."

A few days prior to Mrs Benson's visit to Athens, Washington thought that "the political environment in Greece would not be suitable for the bait policy to have results." Some Greek reactions had occurred in the interim which the State Department described as "obviously negative." Following that, Washington cancelled Benson's visit almost at the last moment and shifted the burden of the mission to Secretary of State Vance and his immediate subordinates, and from "hostile" Athens to the "friendly" environment of Brussels. Vance and his subordinates will meet Rallis in Brussels and the relevant assurances and offers for the F-16 and so forth will be discussed within the framework of the NATO ministerial conference.

CSO: 4908

COMMENTATOR DROSOS DISCUSSES DECLINE IN U.S. PRESTIGE

AT091723 Athens I KATHIMERINI in Greek 9 Dec 79 p 5 AT

["Political Issues" column by G. N. Drosos: "The U.S. Prestige"]

[Text] Of course there is a humanitarian aspect: Fifty men who for more than a month have been living the life of men sentenced to death, who, even if liberated immediately, will be marked and psychologically injured by this adventure for the rest of their lives. Many will become permanently psychotic. In any case, human sympathy for them ends where anguish begins concerning the broader consequences that may result from their being held hostage.

Things are neither simple nor innocuous, and they will not end with the possible release of the hostages, with their trial, or even more so with their execution. Let us not even consider the chain reaction complications this situation has caused: export of the Islamic revolution to other countries nearby, elevation of fanaticism into a system for ruling people, disregard of rules for international behavior validated by thousands of years, contempt for resolutions by international organizations and so forth.

What has already been achieved, regardless of any further developments in the situation, is that U.S. prestige has received successive and hard blows. The United States, as a great power, has been denigrated both internationally and specifically in an area where it has great interests and where in the future these interests could become even greater. People, especially primitive people, are not concerned about who is right and who is wrong. They are impressed by force or by a show of force. In this specific instance, the incredible Iranian leader has demonstrated obstinacy and force whereas the Americans have put forth speeches, arguments, appeals and other similar theories. They have also proved that they are the prisoners of a system which does not allow them to implement elementary reprisals even on U.S. soil.

Therefore, all these things were interpreted by many--and in part they are--a lack of power, or inability to use power, which is the same thing. The fact that, in this instance, geography is an implacable U.S. enemy,

the fact that the United States fears it may cause a more general military clash by an undisguised intervention, the fact that perhaps it does not want to afford the opportunity of other interventions to the Russians, are all very correct things but do not save the United States' wounded prestige. What it all boils down to for many people is that a fanatical old man from some small town in the Orient has succeeded in putting the United States in a bind whereby it literally does not know what to do or cannot do anything substantial, for the time being at least since the situation cannot remain as it is at present. Someday the United States will be compelled to do something to restore its wounded prestige and this something will have certain repercussions on a rather large and especially sensitive area which actually is very near to us.

President Carter is not distinguished for his decisiveness, at least, so far, he has not shown examples of it. Sometimes, however, the state of affairs compels even the most indecisive of men to make decisions which, because of initial hesitancy, are usually more abrupt and strong. In addition, the president of the United States is not the only factor to be taken into consideration. There is the Congress, the parties, the Pentagon, the secret services and, above all, public opinion. Specifically now, as an election year approaches, public opinion is taken into consideration even more. It seems that at present a national and pressing unity against the situation which has developed as a result of the Teheran events has been created in the United States; that is there is an obvious pressure on the government to react in some active--not passive--manner to the decline in U.S. prestige throughout the world.

Consequently, this something will undoubtedly occur. It may not be a military intervention--as Carter, after all stated yesterday, perhaps in order to protect the lives of the hostages--but it will be something else. Possibly it will be a diversion somewhere else. Nobody can guarantee that it will be very skillful or that it will contribute to the smoothing of the crisis that has been created. After all, this will not necessarily be the aim of the reaction.

Logically, what the Americans do should aim at restoring their prestige. It should consist of some show of force that will remind the world that the United States is a great power with which one cannot toy without punishment. If, on the other hand, the United States does nothing, the remaining alternative will be to withdraw from the entire area, and perhaps from other areas as well. It should then cease having aspirations for political influence on the area, it should not strengthen the friendly regimes in the area and it would free the road for penetration by the other side.

It is preferable for this to happen through the will of the United States rather than through its gradual displacement. Perhaps it is a solution for the United States to again become a great isolated power. However, it is not a solution for those people who currently insult the United States, stress and exploit its mistakes but desire its presence as a guarantee of their independence and a source of economic and other aid. Meanwhile, however, at least Khomeyni will enjoy his whims at the expense of international society, and more generally at the West, and of the United States specifically.

DROSOS DISCUSSES PROSPECTS OF CYPRUS SOLUTION

AT111755 Athens I KATHIMERINI in Greek 11 Dec 79 p 4 A7

[The "Political Issues" column by Georgios Drosos: "Demirel's Cyprus Statement"]

[Text] Demirel is considered to be, and probably is, a politician with a devious and sly mind. It must, however, be admitted that his statement the other day is as sincere as it is revealing. The Turkish prime minister said his government will curtail every effort toward promoting a solution to the Cyprus issue until such time as his country becomes stronger, so that it will be able to force the Greek side "to pursue a course toward conciliation."

All this means: one--Turkey is passing through difficulties and is not in a position of strength and, two--it no more feels the need to pretend that it is discussing the Cyprus issue. Only Turkey itself will decide if and when it will accept talks on this issue. All relevant UN resolutions, even the latest one which is considered one of the strongest, are completely disregarded.

Turkey, therefore, is now convinced that nobody can force it to do what is not to its own liking and that no fundamental pressure will ever be exerted against it. UN wishes remain nothing but venerable desires and there is absolutely no way of enforcing UN resolutions. If there ever was any doubt about this it was completely dissolved by the latest unanimous UN General Assembly resolution on the liberation of hostages which Iran absolutely refuses to obey because it is not to its liking. The failure of the international organization is complete. Its usefulness is limited to recognizing justice as being on the side of the mistreated party. This, perhaps, supplies a certain moral but no basic satisfaction. It is also limited to the role of certain mediation activities which only succeed if both parties to the dispute want to reach a certain result. In this specific instance Turkey obviously does not want to because it is extremely satisfied with what it gained in 1974 and because it has no intention of returning anything.

On the other hand the conditions set by the Americans, that is that military aid will be given to the Turks only so long as there is fundamental progress in the direction of a Cyprus solution has in fact lost all its strength. The shah's fall and recent developments make the Americans think that they must at all costs strengthen the only power left to them in this sensitive area. It is for this reason that they sweep aside all undertaken obligations and they help, with all their strength, their alleged ally. This is why the Turks do not have or they think they do not have to demonstrate any good conduct.

In this way we have an international organization which is unable to enforce a solution and Turkey which is unwilling to proceed toward basic negotiation and a logical solution. Naturally the good faith of the Cypriots is not sufficient on its own. The only thing left is the role which the two superpowers can play because they are both in a position either to help or undermine a solution.

Last year the Americans submitted a plan, or rather a draft plan, for the solution of the Cyprus issue. Perhaps they were afraid that prolongation of the current state of uncertainty could create dangerous complications. Perhaps they see with some concern the leaning of the present Cyprus regime toward the views of the Palestinians and the Arab world in general. As a result they want a settlement of affairs in Cyprus under the condition that this settlement would produce a regime which would cooperate in some way with the Western coalition.

The American plan was not bad for the Greek side. It could never have succeeded and it could never become applicable, however, because the Turks did not accept it in one or the other way. It was not a clever move, however, when the Greek Cypriots rejected it. They should have let the other side take the responsibility of doing so, or shouldering the responsibility of rejection. In this way they would have earned American support in their future efforts and they would also have earned a certificate of good will. What happened, however, happened. The Americans developed no further initiatives. In the interim, however, other complications were created in the area and the only thing the Americans do not want at this moment is a further deterioration of the situation in Cyprus at their expense.

The Soviets, on the other hand, logically have absolutely no reason to speed up a solution, or rather to seek any solution. Perhaps they believe that the dispute between the two NATO partners is or that it could become something to their advantage. At the same time perhaps they see no prospect of any solution which could benefit them. By contrast they perhaps see the danger of Cyprus becoming--according to their favorite expression--a Western aircraft carrier and an unsinkable aircraft carrier at that. If ever they discern any solution which would be of benefit to them then they would certainly hasten to assist it. Naturally this is under the prerequisite that such a solution would unduly disturb the Turks. As demonstrated many times the Soviet Union wants to maintain good relations with Turkey. It appreciates both Turkey's strategic position, the existence of common frontiers as well as the value of the Dardanelles and the Bosphorous.

These then are the prerequisites and difficulties for a solution to the Cyprus issue and for utilization of the repeated favorable UN resolutions. Only one conclusion, even if only in theory, could be deduced. This is that if a truly independent Cyprus is to exist and if all foreign troops are to withdraw from it it is essential to have the other prerequisite, that is that Cyprus will remain neutral. This is so that neither of the two sides can react against its independence.

Is such an absolute neutrality, however, possible especially in this area? In other words is it possible that it would favor neither the one nor the other side? It appears rather difficult.

CSO: 4908

ATHENS RADIO REPORTS AVEROF REMARKS DURING NAVAL CEREMONY

AT071647 Athens Domestic Service in Greek 1930 GMT 6 Dec 79 AT

[Excerpts] At noon in the presence of president of the republic Tsatsos, celebrations were held at the navy headquarters in the Salamis navy yard in memory of the navy's patron saint Nikolaos, and to commemorate the anniversary of the sea battles of Elli and Limnos during the Balkan wars. At the same time, a ceremony was held for the integration into the navy of 32 naval vessels which were recently delivered. Here is a recorded report. [begin recording]

[Unidentified announcer] After the president of the republic inspected the honor guard and a doxology was held by the metropolitan of Khios, Psara and Oinoussai, Dhionisios, and by the metropolitan of Megara and Salamis, Bartholomew, chief of the navy general staff Admiral Konofaos read the order of the day. The navy chief referred to the history of the occasions and added the following:

[Konofaos] The integration of 32 new vessels and 3 antisubmarine helicopters constitutes the latest and perhaps most significant manifestation of today's celebrations. A navy destroyer, a support destroyer, two fast vehicle carriers, two Poseidon-class submarines, four missile boats of the Poulaskos type, seven Jaguar torpedo boats, four coastal patrol boats and three antisubmarine helicopters are being integrated in the navy while two oilers, an ammunition carrier, a water carrier, four tugboats for use on the high seas and three tugboats for harbor use are being integrated in the force of ships under the navy's support command.

Two more Poseidon-class submarines will arrive, one after the other, about the middle of June in 1980, while at the same time it is expected that the navy will take delivery of the first of the six missile boats that are being built in Greek shipyards. The other missile boats will follow at 3-month intervals, the last one to be delivered in September 1981. At about the same time, that is, in the middle of 1981, 10 new helicopters of the AB212 type will be delivered, that is, 8 antisubmarine helicopters and 2 electronic warfare helicopters. In the last 4 years, and perhaps for the first time since 1909, the country's government has approved the implementation of an extensive naval program aimed at strengthening the navy not only by adding new units, but by modernizing old ones.

When this program has been completed around the middle of 1981 the navy will possess a strong strike force which, in conjunction with the other two branches of the armed forces, will constitute a deterrent force capable not only of guaranteeing the maintenance of peace in our area but, if necessary, of defending our territorial integrity against any threat.

[Announcer] After the order of the day, the minister for national defense said:

[Defense Minister Averof] Mr President of the Republic, on this very solemn day for the navy I want to give you an assurance which is very solemn, because today, as the chief of the navy general staff has said, we are celebrating the 100th anniversary of the navy yard, the 50th anniversary of the graduation of our first mechanics, the integration of 32 new vessels and the commemoration of the victories of Elli and Limnos. On this solemn day the man who is responsible for the armed forces must give you an assurance--from this sacred soil of Salamis which should reach elsewhere, too--that the navy at this moment is performing a huge task with diligence and enthusiasm. This technical department of the armed forces, with the help of the navy yard which is being formed in Souda, maintains 92 vessels of all categories. It maintains modern vessels like those you are now observing. Six vessels similar to these are being built in Greece and they are the most modern units contemporary shipbuilding can offer, with such guns as the ones you are observing, guns that fire 2,000 rounds per minute, with electronic computers that make every shot a hit. The navy yard provides old destroyers with incomparably greater combat force than when they were new. I must mention this, so that I may say before you: Glory and honor be to the men who work in such a way that currently Greece has a rare fleet, a fleet that qualitatively is equal to the best in the world, a fleet which I think our old seamen never dreamt of. Glory and honor to these men. [end recording]

CSO: 4908

OPPOSITION LEADER CRITICIZES GOVERNMENT ECONOMIC POLICIES

AT071750 Athens I KATHIMERINI in Greek 7 Dec 79 pp 1, 3 AT

[Text] PASOK Chairman A. Papandreou considers the economic crisis serious but not catastrophic, and at the same time recognizes that the crisis is influenced by the more general international situation. Seen from this viewpoint, Papandreou stresses that he recognizes how unfavorable the international situation is for the government and for this reason he says, "We cannot foresee an improvement."

In his talk yesterday with political editors, the PASOK chairman did not preclude the possibility that the economic crisis may influence Prime Minister Karamanlis' decision to move up to the presidency of the republic. In any case, he added, he does not foresee the holding of elections any time soon because the more general atmosphere is not favorable for the government. He stressed, however, that the responsibility for the economic situation lies squarely on the prime minister who, he said, should have used other criteria to select his economic collaborators.

In connection with the changes in the banks and other organizations, Papandreou said that these occurred at a difficult time because they have intensified the atmosphere of uncertainty, although he admitted that some of the changes were indispensable. As regards the individuals themselves, he added that he does not know their abilities but it is a fact that some of them have connections with foreign banks--especially U.S. banks--and for this reason we wondered whether the banking machine was being delivered into American hands. In any case he stressed that this was only an impression and he did not want to insult anyone about their abilities.

The PASOK chairman described the economic policy measures as contradictory and said that they did not serve any purpose since typically, they are announced and 2 months later they are rescinded, as was the case with the import measures. All these measures and the changes in the banks, he added, intensify the unfavorable psychological factor.

Papandreou considered the current crisis in the West as serious as the one in 1929, but noted that it is different because it concerns the economy's structure. At this point he stressed that the era of great economic

expansion which began in 1945 has ended and that currently there are no great opportunities for new investment by large capital. For this reason, he said, even the most developed countries are turning toward modern technology, like the industry of information [as published]. The problems the West is facing, he said, are stagnation in development and inflation, whereas the Third World, especially oil-producing countries, imposes its conditions.

The problems of the Greek economy are structural, Papandreou said, and they refer to the economy's obsolete structure. Furthermore, he added, government policy is inconsistent because it is charted without any strategy. The measures that are taken, he said, are wrong and contradictory and have been taken at a bad time.

In any case, he said, he cannot promise much about his party's policy, and he proposed that methods be found for the short-term development of Greek productivity. He predicted that in 1980 inflation will not be more than 15 percent, as the government has claimed. He added that the government's contradictory policies have increased expectations for change.

However, the PASOK chairman recognized that when PASOK will come to power the problem will be more serious than a year ago, and for this reason promises about what can be done will be different. Change, he stressed, has become imperative, but it is influenced by developments.

In connection with the internal political situation, Papandreou accused the government of turning toward the right with manifestations like the revival of the extreme right, Balkos' speech, the ceremonies of hatred and the stirring up of the atmosphere of internecine warfare. This is the hour for unanimity, he said, because there is a strong danger on the part of Turkey which is supported by the United States. He also again demanded the recognition of national resistance and of resistance during the dictatorship and accused the government of hardening its position toward the working people.

The government spokesman replied to Panadreou as follows:

"I do not understand why Papandreou hastens to make observations on economic issues. Soon he will have the opportunity, during the discussion of the budget at the chamber, to express his views on the government's economic policy and to receive a complete and proper answer."

CSO: 4908

REMARKS BY PROGRESSIVE PARTY LEADER REPORTED

'TO VIMA' on Markezinis Remarks

AT081620 Athens TO VIMA in Greek 8 Dec 79 p 6 AT

[Text] Because of "the course of events" the government will be led to hold elections in 1980, chairman of the "Progressive Party" Spyros Markezinis stated in his first interview with Greek and foreign reporters yesterday following his reappearance on the political scene. Markezinis said that, in his opinion, elections should be speeded up because critical developments in economic affairs require a fresh popular verdict. Regarding the electoral system, he said that he has no doubts that the government will impose what is in its interest. In any case, he added, the Progressive Party will struggle under any system.

In reply to other questions by the press, Markezinis said: The Progressive Party has no relations with the national party or other parties and groups. It principally addresses itself to the middle class. It accepts anyone as a follower but selects its own cadres.

In January, weather permitting, Markezinis will tour provincial centers and expound his party's program through speeches.

In reply to a question as to whether he foresees the issue of the regime erupting in the future, Markezinis replied that in politics the word never does not exist. In any case, he himself, he added, is not asking for elections on the issue of the regime, but rather for political elections. He is a democrat and his political activity is within the framework of the democratic system. In his declaration, he said, the issue of the regime does not exist. In connection with a "pardon" for the junta people he said that he does not mention the word amnesty, but a legal issue does exist because "a large number of people were prosecuted through retro-active decrees."

In replies connected with general national issues and foreign policy he said: After the Cyprus issue erupted, it became a Greek-Turkish difference. Markezinis was the first in 1972 to declare that the problems which separate Greece and Turkey should be dealt with through comprehensive Greek-Turkish negotiations (a package deal). He absolutely believes in the need for Greek-Turkish cooperation--discussions in the United Nations nine-tenths of the time are a waste of time.

He agrees with the prime minister's trip to the Eastern countries. After all, he was the first, he said, to have inaugurated these trips in 1959, and at that time people accused him of being a traitor. Currently he is accusing the government of having delayed in making the trips and in not securing anything in exchange.

Markezinis supports a missile free zone but doubts whether the proposals for the Pershing missiles and so forth concern Greece, whose position in NATO is dubious.

No explanation was ever given as to why we withdrew from the military wing of NATO. If the withdrawal had been political he would have questioned it, but he would have respected it. Didn't the government think of the consequences when it decided to withdraw? He supports a return to the military wing of NATO but without any concessions to our sovereign rights.

It is "as clear as day" that the United States considers Turkey to be more important than Greece for the area's security. Of course, this is erroneous but it is a reality that we cannot ignore. It is erroneous because Turkey runs the danger of becoming an Iran. In any case, "at all costs" Greece must restore its relations with Turkey.

At the beginning of the interview, in reply to questions connected with the economic situation, Markezinis described the situation as critical and scored the government for its erratic response and for showing signs of having lost control, even though it should not have been surprised. He also criticized the government for letting itself lose "the psychological struggle," which is fundamental when dealing with the economic situation, and said that the government always avoided telling the truth. The result is that a tendency has been created to flee from the drachma, he said. The government should hold discussions with the working classes, and the recent changes in the administration of organizations recall the replacement of generals by Mussolini after his defeats in the Greek-Italian war.

Markezinis was accompanied during the interview by former minister Th. Kapsalis, former state advisor Il. Glikofridhis, Messrs. K. Thanos, N. Momferatos and others.

Government Spokesman Declines Comment

AT081624 Athens TO VIMA in Greek 8 Dec 79 p 6 AT

[Text] In reply to a question by reporters in connection with Spiros Markezinis' press interview, the government spokesman stated the following yesterday: "The Greek people know Markezinis and his activities and consequently there is no reason for me to describe him or comment on his statements."

Late last night the press office of the Progressive Party issued the following statement in reply to the government spokesman's statement: "Only the people are competent to express an opinion, not a minority government. The people will express their opinion in the next elections."

STATISTICS ON TRADE WITH CHINA REPORTED

Athens BUSINESS AND FINANCE in English 10 Nov 79 pp 3-5

[Text] THERE is no other way to portray the fact of China's opening to the Western world, at both a political and economic level, than as a fact of historical importance and on the eve of the Greek Prime Minister's visit to Peking it is of interest to review the situation of China, as far as its economy is concerned, and its relation with EEC and with Greece. The topic is clearly a very important one since a new market of 800,000,000 people is opening.

The eight-year plan that President Houa-Kuo-Feng presented to the National People's Congress of China in March of 1978, aimed at making China a major economic power by the year 2000. China intends to become one of the great industrial powers in the world but this is, however, not an easy step.

According to figures published recently by the Financial Times of London, the production of wheat in China - which is the basic index in agriculture - increased by around 1 percent annually during the years 1930 to 1952 and 2 percent for the years 1952 - 1974. The level of wheat production has remained unchanged for the last two years and China has been obliged to import agricultural goods at a level of 18 million tons annually. In 1975 exports of the agricultural sector provided around 65 percent of foreign currency earnings, while the imports of agricultural goods represented 25 percent of total import payments.

Remembering that there has been a shortage of food in the larger cities in China, like Canton, we have an indication that in a country where the population is increasing at a rate of 1.5 percent yearly, the problem of nutrition is a very crucial one, and of course, as common sense suggests, it is the first to be solved. So, the first thing that the 8 year plan has as a goal is to increase agricultural production to between 4 and 5 percent yearly. This is a rather optimistic scope, but nevertheless, a flourishing agricultural production is an essential requirement if any expansion in any other sector is to be effected.

Thus Chinese leadership has decided that the bulk of investment will, at present, go to the agricultural sector.

Turning to the industrial sector, for the years 1952-74 the increase in production was at a level of 10 percent yearly, a figure which is in a sharp contrast with the rate of increase in agriculture. However, China experienced a recessionary period in industry in the years 1976-77, due mainly to political upheavals that followed Mao's death. For the year 1978 however the industrial production was expected to record a 15 to 20 percent rate of increase, and one would imagine that in practice a 10 percent increase seems to be a realistic target for the industrial sector.

Finally, the eight-year plan suggests that, for the next 8 years, the level of investment in China should be greater

than that which has taken place since 1952. According to American and Japanese estimates, this amounts to \$350,000 million at 1977 prices.

The question that now arises is on what financial resources will this expansion be based?

If we consider the level of savings, it can be seen that in the year 1977 they were 15.7 times greater in comparison to the level of 1952. Still, however, according to their own estimations, this gives an amount of \$800,000 million which is only 2 percent of total investment expenditure requirements.

A second point to be mentioned is that even if exports increase at a level of 10 to 20 percent yearly, the inflow of foreign currency will be at a level of \$100,000 to \$160,000 million. The two remaining sources of foreign capital are the development of tourism and loan financing. One particular feature which China's leadership seems to count upon is the utilization of the country's sub-marine deposits of coal and oil.

China and the EEC

China has already signed (in 1978) a five-year trade agreement with the EEC countries which constitutes a very important fact for international trade. In this agreement a number of rules were set out designed to encourage the development of trade. The rules are as follows:

- The two parties grant each other most favoured nation status in respect of tariffs.

- Each party is to attempt, according to its means, to bring about a balance in their trade with each other; in the case of a serious trade imbalance a mixed commission is to study ways of remedying the situation.

- The People's Republic of China is to regard favourably the import of goods from the Community, and the Community is to gradually liberalise its restrictions on imports from China. According to Chinese authorities, their objective is to raise trade levels with the Community to a level comparable with Japan, which is China's principal trading partner.

The agreement is that the level of exchange will be 10,000 million yen for the following 8 years. The EEC is the second most important trade partner for China (the first is Japan). For the year 1976, trade was at a level of 1,200 million yen and of this amount, China's exports to EEC countries represented about 424 million yen and imports from China 770 million yen. By the year 1977 imports were reduced by 40 percent, while exports reached the level of 430 million yen. Finally, in 1978 imports to China increased by 88 percent while China's exports also increased by 8 percent and reached a level of 463 million yen.

As Mr. Jenkins, President of the EEC, noted recently, the planning of economic development in China leaves the outside world with the strong impression that the country will become one of the most important trade partners of the EEC countries, especially as far as industrial products

B&F: *What is the situation of our trade-relations with China at present? As we know, China signed a trade agreement with the EEC in 1978. Is there any connection between the development of our relations with China and our accession to EEC?*

Vandoros: At present, our trade relations with China include a variety of products (see accompanying table. Ed). What I can tell you now is that some of our ships are already chartered by China to carry out its foreign trade.

It is interesting, however, that the Greek Ministry of Commerce, acting in good will, has stressed the point that it has the intention to help our trade with China. This help has two aspects. First, there is an intention to increase the variety of goods we exchange (both imports and exports). Second, to increase the bulk of exchange. These goals can be achieved in various ways and one of these—which has been proposed by the Ministry—is to increase the number of import permits.

Finally it must be remembered that the cost of transportation is not so great a handicap in promoting Greek-Chinese trade on the condition that the volume of the exported goods is large enough.

As far as the second part of your question is concerned, we have to keep in mind, that our initiating better trade relations with China is independent to our accession. Furthermore, relations with China can be seen as part of the intention of the Greek government to increase its relations at an international level.

Referring to the Prime Minister's visit to China, Mr. Vandoros reported: "This visit cannot be considered as a continuation of our own visit as far as subjects at discussion are concerned. Up to this moment Mr. Karamanlis has had no contact with our chamber with reference to his visit to Peking. My personal opinion however is that Mr. Karamanlis' visit will be of both political and commercial significance."

are concerned. As Mr. W. Hafer Kamp, Vice-President of the EEC Committee mentioned some time ago, China may also ask for bank loans to be granted to her from EEC countries in order to finance trade at an international level.

China - Greece

For the Greek economy (as for any other economy) China is a vast market to which our exports can be directed, and especially the agricultural surpluses we have. At the same time contacts of Greek authorities with the People's Republic of China do not present a mere economic interest. We can consider them within the policy of the Greek government to increase and improve the relations of Greece with as many countries as possible.

The first significant step in the relations between Greece and China took place in April 1978, when Mr. Panayotopoulos, Greek Minister of Commerce, together with Mr. Efremoglou, President of the Athens Chamber of Commerce and Industry, visited Peking.

Afterwards Mr. Huang-Hua, Foreign Minister of China, visited Athens in September of 1978 and during his visit a five-year cultural agreement was signed. Finally, in November of 1978, a committee from the Athens Chamber of Commerce visited China and this was the last contact between Greece and China prior to Mr. Karamanlis' visit to Peking which is now imminent.

Concerning the Athens Chamber Committee's visit to China, B&F had a discussion recently with Mr. Vandoros, Secretary of the Trade Department at the Chamber of Athens.

B&F: *Mr. Vandoros, what was the scope of the visit of your Committee to China and what were your general impressions?*

Vandoros: Our journey to the People's Republic of China, which took place in November of 1978, gave us the opportunity to visit the Autumn Session of Canton Trade Fair. This Fair takes place in Canton twice a year, in Autumn and Spring, and on each occasion Chinese products of various sectors of production are displayed. Our Committee had among its members some 32 businessmen and each one of them had the opportunity to see at the Fair the variety, the quality, and the price at Chinese goods and obtain any other information which was of interest to his specific sector. We also visited Shanghai and Peking. In general we can say that we had the opportunity to examine fully the possibilities of increasing commercial exchanges between Greece and China.

TABLE 1: Greek trade with China in 1978 ('000 drs)

GREEK IMPORTS		
Goods	Value	% on total value
1. Textile fibres-Materials-ready made garments	12,255	15.9%
2. Various industrial products	10,218	13.3%
3. Machinery for metal processing	10,198	13.3%
4. Telecommunication hardware		
sound recording and reproduction	9,189	11.9%
5. Metal goods	8,453	11%
6. Photographic equipment		
Optical equipment	3,321	4.3%
7. Pigments	3,266	4.2%
8. Wearing apparel	3,042	4%
9. Scientific apparatus	2,518	3%
10. Fish and fish products	2,362	3%
GREEK EXPORTS		
Goods	Value	% on total value
1. Processed and unprocessed tobacco	34,213	39.8%
2. Steel and iron	25,420	29.5%
3. Metal objects	19,752	22.4%
4. Oils and fats	5,600	6.6%
5. Petrol and petrol products	1,015	1.9%

Source: National Statistical Service of Greece

TABLE 1: Greek trade with China ('000 drs)

YEAR	GREEK IMPORTS	GREEK EXPORTS	COMMERCIAL BALANCE
1976	145,035	61,656	-83,379
1977	87,568	216,157	+ 128,589
1978	76,734	68,000	+ 9,264
1979 (first six months)	58,187	22,513	- 35,674

Source: National Statistical Service of Greece

AREAS AVAILABLE FOR TOURIST DEVELOPMENT

Athens BUSINESS AND FINANCE in English 24 Nov 79 pp 4, 6

[Text] THE National Tourist Organisation has recently published an invitation for bids for company participation in the construction of a new marina at Gouvia in Corfu. The offer is in fact one of several where the NTOG has made land and infrastructure facilities available for tourist development to all interested parties.

Regarding the invitation for participation in the Gouvia marina project, the NTOG states that the developer of the project will be entitled to operate the completed marina for a fixed period of time to cover his initial investment and profit requirements.

Those interested in bidding for the project should send their proposals to the NTOG Head Offices at 2 Amerikis Street in Athens. Five copies of the general terms proposed for the project together with one copy of the financial terms in a separate registered letter are required. Proposals should include the following:

- 1) A profile of the company.
- 2) A full analysis of the proposed project (construction, equipment, facilities, etc.) as well as subsidiary works involved.
- 3) Anticipated time of completion of the work together with a breakdown of when each phase of the project will be completed.

- 4) Financial terms requested for the undertaking of the construction of the project. These should include in particular a) Assurance that at least 50 percent of total costs should be imported in foreign exchange b) The desired period of operation of the marina to compensate for investments made and c) Guarantees that can be provided for the NTOG that the company will complete the assignment within the terms contracted.

The final terms and conditions for handling the project will be discussed in detail by the NTOG after examining all the proposals which must be submitted before January 6th 1980.

Aside from the Gouvia marina, there are also a large number of other projects which have been planned by the NTOG and which are available for tourist development by interested parties. In these cases the property on which the proposed project is to be located is owned by the NTOG and the areas are made available for tourist development under the same general conditions that apply to the Gouvia marina (ie over 50 percent of investments to be made in foreign exchange, a certain period of operation of the completed project allowed to recoup expenses, etc.)

Below are included some of the more important projects for which the NTOG is looking for developers. In many cases preliminary studies of the proposed projects have been carried out by the NTOG's Technical Division and the sizes of plots available and the suggested accommodation to be built is as follows:

Phaleron

A 50 stremma plot is available in the Delta area of Paleo Phaleron where it is envisaged that a luxury hotel, a shopping centre and other ancillary facilities could be established.

Fleves Island

170 stremmas is available on this island (off Sounion) for the construction of a hotel (250 bed capacity), bungalows (350 beds), villas (400 capacity) and other facilities.

Ziria

A detailed study has been prepared for the establishing of a winter sports centre in the area of Ziria.

Glarocavos

A large area of 2,692 stremmas is available at Glarocavos near Cassandra in Chalkidiki for the establishing of A and B class hotels of a total capacity of 3,700 beds, villas (990 beds), a camping site (1,900 capacity) and other housing and tourist accommodation to cater for a further 4,000.

Hot spas at Kaifas, Kyllini and Rhodes

There are also several areas available for development associated with existing spas. For example a 3,840 stremma plot at the hot spas of Kaifas in the West Peloponnese (with the possibility of obtaining a further 2,500 stremmas) is offered for development by the NTOG. The area is covered in pine forests and contains a large lake and excellent beaches. The original

study prepared by the NTOG for developing the area proposed the construction of a hotel of 9,350 bed capacity but this figure has now been reduced to between 4,000 and 5,000.

A 286 stremma plot is also available at the hot spas of Kallithea on Rhodes Island, 10 kilometres from the town of Rhodes in a traditional hot spa complex. There are two coves suitable for swimming and NTOG proposals are for the erection of a hotel and swimming pool. Any venture will be undertaken in collaboration with the Mayor of Rhodes.

Also connected to hot spas is the proposed development of the Kyllini hot spas in the Western Peloponnese where a 100 stremma plot is available for the establishing of villas of a capacity of 400 beds.

Aghios Apostoli

Aghios Apostoli is located about 5 kilometres outside Chania on Crete in an area steeped in local traditions. A 580 stremma plot is available from the NTOG situated on a peninsular which provides two excellent swimming beaches. The original NTOG study provided for the construction of hotel capacity (in classes de luxe and A) of 2,000 beds as well as full recreation facilities. There has already been completed in connection with this project much infrastructure work including roadways and electricity supply.

Karathonas

1,652 stremmas of land is available at Karathonas near Nafplion in the Western Peloponnese for a complete tourist development project including a tourist village, hotel complex, marina, swimming beaches, camp sites, etc. The NTOG study foresees the erection of hotels of various categories of a total capacity of 4,000 beds.

Other properties available

Of the various other properties available from the NTOG for tourist development, of particular interest is the 2,820 stremmas at Epanomi near Thessalonika where 14,400 bed capacity

hotels are planned. Also proposed is a campsite capable of taking 4,000 and a full tourist village with a capacity of a further 6,600 beds. Full recreation facilities including a shopping centre and a 9 hole golf course are also proposed.

Further NTOG properties are also available in the Tsampica area in Rhodes, for the establishing of a marina on Chios Island, and at the Lagonissi complex of hotels and bungalows.

More detailed information on any of the above projects, terms of bidding and so forth can be obtained from Department B-2 of the NTOG Offices in Athens (Mr. Nikiforos Gegos, Tel: 3223111).

CSO: 4920

GOVERNMENT ANNOUNCES DEVELOPMENT OF CULTURAL CENTER

Athens TO VIMA in Greek 16 Oct 79 p 7

[Text] The government yesterday announced the decisions concerning the advancement in establishing the Athens Cultural Center, which is to display our nation's achievements, acting as a patron to our traditional culture, etc.

The decisions were made after the visit made to the site by Prime Minister Karamanlis and the discussion that followed in the political office.

The complete text of the government statement is as follows:

Prime Minister Karamanlis, accompanied by Minister of Finance Kanellopoulos, Minister of Culture and Sciences Nianias and Under-Secretary of Public Works Manos, technical advisor Kiriakopoulos and the acting servants and technical experts of the appropriate ministries, yesterday visited the area for the Athens Cultural Center and examined at the site, in general, the practical application of the designs for construction of the buildings for the Center and the development and formation of its area.

These plans, as well as the method of organization and functioning of the Athens Cultural Center, are the result of many months of preparation under the guidance of the prime minister and repeated conferences headed by him, during which the cultural needs of Athens and of the country as a whole were evaluated and studied.

Statement by Karamanlis

After his visit, during which this plan was made definitive, the prime minister made the following announcement:

"I feel particular satisfaction because today the decision concerning the establishing of the Athens Cultural Center has materialized and is closer to realization. For 20 years this has been a persistent vision and pursuit of mine. That long ago I pointed out the need for such an institution, which Athens lacked, despite the long-lived culture and artistry of the

tradition and great potentials of our nation. It was necessary to overcome many obstacles, to find the necessary space, to ensure the necessary resources and to work out a full building and functional program that would correspond to the current needs of our artistic and cultural life, so that we might announce the start of the execution of the plan.

The Athens Cultural Center, for which I definitely approved fully the complete plan of establishment, functions, organization and monetary resources, will constitute a decentralized, self-governing public service and will be made up of three smaller centers, the Fine Arts Center, the Center for Theater and Artistic Expression and the Center for Music and Dance, supplemented by the appropriate information and education services, and will be housed in a large group of building clusters in a unified space of about 110,000 square meters.

The purpose of the PKA [Athens Cultural Center] is the promotion, centralization, development and presentation of Greek fine arts creativity in all its spheres, for the broader information and education of the Greeks, as well as the contact with the artistic achievements of other countries and cooperation with foreign groups. We thus aim at opening the way to the development of the abilities and presentation of the achievements of the nation today. The international recognition of Greek fine arts, in painting, in literature, in the theater and in music today is an established fact. We are pursuing this tradition to promote it and to turn it into the "Greek era."

The particular aim of the Athens Cultural Center will be the patronage, encouragement and promotion of our traditional civilization in all its manifestations, in order to ensure the people the potential of using its multi-faceted talents in artistic productions, and also to formulate, in combination with its national heritage and the international cultural conquests, the newest true expression of our civilization.

Specifically, within the scope of the European states, the Athens Cultural Center will be called upon to perform an important role, safeguarding the authenticity of our cultural aspect and, at the same time, expanding the boundaries of the effect of the artistic and intellectual creations of our people and conveying to Greece whatever is considered worthy in this sphere as the achievements of other nations.

I have always maintained that our country's progress depends not so much on the development of the material resources as on the development of the human resources. I have also declared that man's prosperity is not, or is not only, the function of the material conditions of his life, but also of the intellectual and cultural conditions. Parallel to our realization of the course of securing cultural peace and economic progress, we have a duty to develop our culture, which is a dynamic element that can result not only in material progress and moral satisfaction, but also in revolutionary

changes in our way of thinking, in public life and in the application of our cultural assets. I wish to believe that the Athens Cultural Center will successfully live up to this great mission.

The Program

Following this, the minister of culture and sciences, Dimitrios Nian'as, announced in detail the plans for the center.

The Athens Cultural Center will be constructed in the area that is contained between Vasilissis Sofias, Rigillis, Vasileos Konstantinou, Mikhala-kopoulou and Vasileos Alexandrou streets, which is already government property. This area was acquired after a series of exchanges of land parcels, expropriations, real property made available by the government.

The unification of the area will be achieved through the necessary traffic rerouting, and cutting off the section of Vasileos Konstantinou Avenue from Rizari Street to the Kilton Hotel and channeling the traffic to Mikhalakopoulou Avenue. With this adjustment, the initial surface of 85,000 square meters will be increased to about 110,000 square meters, with the buildings of the Athens Cultural Center occupying 30 percent and 70 percent being a landscaped area.

For over 20 years Prime Minister Constantine Karamanlis had been thinking about this plan and had done everything possible to carry out his program and to bring into being the cultural center, which constitutes one of the main achievements of his political career.

The Functions of the Athens Cultural Center

The functions of the PKA encompass the entire spectrum of the arts: Fine Arts, Theater, Music and Dance, and they are centralized in three central groups.

1. Fine Arts Center

This group will contain the National Art Gallery and the Alexandros Soutzos Museum, which will be placed here and therefore enlarged so that all their works may be displayed: The Museum of Modern Art section, to exhibit works of modern painting, engraving, sculpture, ceramics and inventions; the sculpture section, to exhibit the works of Greek and foreign sculptors from the fifteenth century to the present.

Rooms for Private Collections

Grouped and exhibited here will be the works that come from donations of very valuable collections to the government, and that until now have remained unappreciated as a whole (Rodonanaki, Khatziargiris, Sybouloudis,

Averof, Gounapopoulous, Konstantinidis, Dimitriadis, Tomrous and others, a part of the Koutlidis collection). This building will display the treasures of [words illegible] painting, engraving and sculpture, which will add to the exhibits of the National Gallery; the Rooms for Periodic Exhibits, for presentation of exhibits of modern and earlier fine arts, to serve the country's educational exchange. The purpose of this group of exhibition rooms is obvious. It will constitute a huge center for the presentation of our greatly valued present artistic wealth, as well as of the activity and output of our modern art.

2. The Center for Theater and Other Functions

The mission of this center is a multiple one.

The two auditoriums, seating 1200 and 800, will mainly form this building, with all modern facilities for the scenery demands, depending on the plays presented. The center will serve: a) the Prose Theater and the Lyric Theater in scheduled performances.

b) The presentation of highly skilled foreign artistic groups, just as of groups [words illegible], choral and dance groups, mandolin players and philharmonic), for the purpose of presenting them and for their further improvement and the synthesis of Athens and the surrounding area.

c) Programs of tapes of Greece and the organization of weekly Greek and foreign films.

d) The organization of artistic competitions of all forms of Panhellenic theatrical art, as well as art on an international level.

e) Educational relations and, in general, a policy of exchanges of our country.

The functioning of this center will fill a great need in the cultural and artistic life of the country, since Athens does not have this kind of halls available during the winter period, while in the summer, it has outdoor spaces (Herodias Attikos, Lykavittos, etc.), which fill these needs adequately.

3. Music Center: In this new building cluster will be installed the newly founded Academy of Music, as the School of Highest Education, and the National School of Dance, while in the existing building of the Odeon Athinon, for which rapid completion is foreseen, a concert hall is being constructed for smaller-scale musical programs, and another hall for musical purposes, where the KOA [sector party administration] is located. This center will thus be of a dual nature: On the one hand it will be a space for the production and performance of musical art, and on the other, the center of integrated musical education.

Center for Information and Administration: It will be housed in the existing building of the War Museum when the latter is transferred to a more appropriate area, to display more fully the wealth of historical material. The building will be improved through its exterior esthetic betterment, to harmonize with the surroundings and the spirit of the center, and in the interior, to change the arrangement and to include the following:

a. Information Rooms: With modern and classic facilities within, [as published] for visitors, for cultural achievements and every kind of expression of the country in general, as well as a special wing for information on the activity of the PKA and the city of Athens.

b. Multi-purpose Hall: For showing films of an informative and educational nature, for lectures, lessons and seminars about the history and culture of our country and the present level of its development, and for organizing small conferences.

c. The PKA Administration and Its Services.

In addition, the Byzantine Museum will be supplemented with new workshops, as well as exhibition areas for its treasures, in order to correspond with its great mission.

Finally, for the service of the visitors and the area, the following are specified: a) a parking lot accommodating 1,000, which is contained in the "Plan of the Parking Areas" of the Ministry of Public Works, is financed by its plan and begins immediately and b) an underground railway station.

A further broadening of the functions of the PKA is foreseen. In accordance with the directions of the prime minister, a study is already being made of the creation of a Museum of History and Art, which will present exhibits of all eras, the entire course of the arts in Greece, and also the transferring of the Athens Folklore Museum and the Ethnological Museum.

For these functions, the Siggrou Hospital building is one of the places which, with its long history of architectural fame, is considered to be appropriate for more proper development, and to be added to the PKA.

The economic program will be financed from two main sources: a) the Public Real Estate Company, which, as is known, has by law assumed the development of public property, and b) from the already existing capital from gifts and bequests that had originally been given to satisfy these needs.

The execution of the building program will also be undertaken by the Public Real Estate Company.

The works that will be carried out will follow, in general, the plans that were awarded prizes in the Panhellenic Architectural Competition held in 1977.

The final determination of the building program and of the architectural and functional needs will be the subject of detailed study, which will constitute the combined efforts and collaboration of the leading figures and artistic and skilled people of the country.

The administration of the Athens Cultural Center constitutes a separate service under the jurisdiction of the inspectorate of the Ministry of Culture and Sciences, the work of which is being assisted by the council of representatives of all the centers of art here.

The work of the administration will be to run the center and to plan and coordinate the presentations.

The works of the Athens Cultural Center are beginning in the near future with the formation and organization of its open areas.

Finally, measures to put in order and arrange the cultural subjects in the sectors for Fine Arts, Performances, Music, Representative Arts and Literature will be received and announced soon, after discussions with all the officials that are able to have a responsible opinion on these subjects.

12151

CSO: 4908

GOVERNMENT ALTERS UNIVERSITY SCHEDULE FOLLOWING DISTURBANCES

AT122030 Athens Domestic Service in Greek 1930 GMT 12 Dec 79 AT

[Text] In order to protect the institutions of higher education from occupation of schools by students, absenteeism and other student manifestations which are contrary to law, the government has decided to suspend the operation of these institutions from today until 24 December inclusive, and correspondingly to extend the university year.

This was stated this evening by Minister of Education Varvitsiotis. Specifically, the minister of education stated the following: Recently, a disturbance was noted among students over the demand to suspend enforcement of law 815 of 1978. Among other things, this law regulates studies and examinations in a manner similar to comparable or stricter regulations in force in all countries of the world, eastern or western.

With the system that the law has introduced, one-sided provision that had been established mainly by the dictatorship have been abolished, such as the many examination periods and the continuous transfers of lessons. At the same time, the law has established a statute of limitations on the conclusion of studies and acquisition of degrees, so that the phenomenon of perennial students may cease and thus the opportunity be given to other young people who desire to study.

These regulations were necessary in order to guarantee and raise the standards of education in our country and the prestige of Greek degrees. It should be stressed that the law's provisions were based on reports by all the committees which were set up in the wake of the change in the regime, after a long and detailed study. Professors from institutions of higher education who have impeccable reputations and are above partisan politics participated in these committees. The students were not surprised by the new system of studies because the law was applied only to those students who enrolled after its enactment. Old students were given a deadline of 1 year from the date of its publication before it could come into force. Despite all this, students began demonstrations like the occupation of schools and absenteeism, things which are contrary to law and to the true interests of the students themselves.

Students who fall under a different system of studies, like those of the National Institute of Metsovo who consequently do not fall under the provisions of Law 815, have participated in these demonstrations. Furthermore, students of schools where the overwhelming majority has passed their examinations have also participated in the demonstrations. This proves that the motives for the activities of the students have a political nature, something that is not fitting for purely educational issues.

In order to protect the institutions of higher education from these manifestations, the government has decided to suspend their operation from today until 24 December inclusive, and a corresponding extension of the university year.

Finally, the government hopes that prudence will prevail on all sides so that unfavorable repercussions on our students may be avoided.

CSO: 4908

ISTAT PRODUCTION FIGURES FOR MACHINE TOOL INDUSTRY

Rome IL FIORINO in Italian 8 Nov 79 p 7

[Article: "Delivery Delays Favoring Imports"]

[Text] The production of machine tools and machine-tool operating supplies, which had shown good recovery in 1977, reached a slightly higher level in 1978 registering an increase of 1 percent as a whole.

It is to be noted that in 1978 production in the first quarter was 9.9 percent higher than in 1977; it was then lower by a little more than 1 percent in the second and third quarters and by 2.2 percent in the fourth. During the first 5 months of 1979, as compared with the same period of 1978, production showed a drop of 7.7 percent, and in particular: 11.7 percent in the first quarter and 1.7 percent in the 2-month period of April and May.

The slight progress shown in 1978 is due principally to the increased production of machine tools used in the manufacture of plastics and rubber materials and of machine-tool operating supplies; this compensated for the decline in the production of machine tools for the metal-working industry and of equipment used in the manufacture of wood, leather and footwear products.

The picture for January through May 1979 is somewhat different from that of the same period in 1978:

--an appreciable variation in the production of machine-tool operating supplies later followed by a variation in the production of machine tools for metal working;

--substantial increases in the production of machine tools for wood, leather and footwear manufacture and modest increases in the production of machine tools for the manufacture of plastics and rubber materials.

The following is of particular note:

With regard to machine tools for metal working, after 1974 production continued to decline but leveled off to some extent in April and May 1979; the same can be said for imports, which reflect the unfavorable situation of the end-use

industries; these industries, in turn, delayed renewing their supply of machine tools during that same period.

In the period in question the level of production was always considerably lower than that of 1970: being 39.3 percent for January through May 1979, and is lower, compared with the same period of the previous year, by 8.3 percent in 1978 and by 10.3 percent in the first 5 months of 1979.

With regard to machine tools for the manufacture of wood, leather and footwear products, unlike the previous sector, the level of production has always remained above that of 1970: being 46.6 percent in January through May 1979; compared with the same period of 1978 production increased by 19.5 percent, specifically, 25.6 percent in the first quarter and 9.6 percent in April and May.

In 1978 production had been 7.6 percent lower than in 1977, because the drops incurred during the first quarter had not been compensated by the recoveries which occurred in the second.

With regard to machine tools for plastics and rubber materials, the level of production in this sector has also remained higher than that of 1970 for some time: being 62.1 percent for January through May 1979; this was an increase of 6.3 percent over the same period of 1978, being specifically a drop of 3.4 percent in the first quarter and an increase of 13.6 percent for April and May.

In 1978 progress was good during the first half and mediocre in the second; for this reason, overall production rose only 2.6 percent over that of 1977.

With regard to machine-tool operating supplies, beginning with 1977 the rate of production was more intense than that of 1970: 23.1 percent in 1978 and only 4.3 percent in January through May 1979, a period in which it showed a decline of 21.9 percent over the corresponding period of 1978, being specifically 31.4 percent during the first quarter and 2.5 percent in April and May.

Until 1978 activity in this sector continued to grow and had exceeded that of 1977 by 17.1 percent; this had been more or less sustained during the first half and somewhat less in the second.

The overall activity of the machine-tool and machine-tool operating-supply industry was sustained by foreign demand and, in the first half of 1979, also by domestic demand, which had been low or in any case moderate in previous years. In face of this favorable demand during the first few months of 1979, there is considerable delay in deliveries resulting from lost production caused by the strikes which occurred during the lengthy and difficult negotiations over the renewal of the metalworkers' labor contract, which were finally concluded in July.

Difficulties encountered in meeting delivery schedules in certain sectors contributed to an increase in imports of machine tools which, for some time, had shown a tendency to decrease.

According to surveys made by the Bureau of Economic Studies of UCIMU [expansion unknown], in the first half of 1979 orders exceeded those of the same period of 1978 by 36 percent overall, being specifically 44 percent in the case of domestic orders and 22 percent for those placed abroad.

As to the cost of labor, an indication for the industry in question can be obtained from figures relative to the "general metalworking" sector in which the minimum wage for workers (family allowances excluded) has gone up in comparison with the same period of the previous year: by 14.5 percent in 1978 and by 15 percent for the first half of 1979.

It is not yet possible to determine what the final increase in labor costs will be as a result of the new labor contracts and other factors which directly or indirectly affect those costs, such as absenteeism, increases in the prices of raw materials and oil, and the like.

Activity in this industry could have shown greater progress, if it had not been held back by various factors, among which is that of the productive hours lost through strikes even though strongly reduced in the overall "metallurgical and metalworking" industry from 35,812,000 in 1977 to 14,869,000 in 1978; they seemed to have a downward trend, and then they increased drastically in 1979 (as already indicated previously): in the first 5 months of 1979 they rose from 8,412,000 in 1978 to 34,331,000.

Another indication of the difficulties which afflicted the sector in question--and not this alone--is found in the number of hours of labor granted by the workmen's compensation plan, which in the overall metalworking industry rose from 44,810,000 in 1977 to 63,664,000 in 1978 and in the first 5 months from 24,091,000 in 1978 to 28,474,000 in 1979.

The Italian machine-tool industry ranks fifth among the world's machine-tool producers in both the productive and commercial sectors.

As a producer, Italy is preceded, in order of importance, by: the FRG, the United States, the USSR and Japan; as an exporter, it is preceded by the FRG, France, England and the USSR.

With the aim of maintaining and improving the current efficiency of this industry and facing up to the keen competition of other producers, the UCIMU Category Association, taking into account various factors among which is that of the size of the plants in this field (90 employees on the average), that size itself contributing to the many problems standing in the way of technological research, has prepared a special plan which was presented in Rome on 13 July and illustrated by the president of Confindustria [General Confederation of Italian Industry].

8568

CSO: 3104

AGRICULTURE MINISTRY REPORT ON OUTLOOK FOR ANIMAL HUSBANDRY

Rome IL FIORINO in Italian 8 Nov 79 p 4

[Text] The production and market prospects for animal husbandry sectors were reported in a document issued by the Ministry of Agriculture. We are publishing herewith the essential points covered in the ministry's paper.

Beef

For 3 consecutive years the number of milk cows has been increasing; in fact, it rose from 2,896,000 to 3,010,000 head. Although slowly, after 15 years of stagnation and uncertainty, confidence in the animal husbandry business seems to have returned: calves and young cattle to be fattened are more in demand, while our insufficiency of beef, despite a rise in total consumption, has dropped from 50 to 42 percent.

After the serious crisis in overproduction which had hit the EEC simultaneously with its increase to nine members, in the future there should be "a period of tranquil sufficiency and confidence." Government initiatives taken up to now might be followed by other initiatives aimed at strengthening that confidence, particularly in hilly and mountainous areas and, in the South, encouraging the raising of cattle through improvement in pasture lands, supporting livestock prices, assisting in improving the hygiene and sanitation of stalls, and providing incentives to promote artificial insemination.

However, this productive effort on the domestic scale should not remain apart from the EEC of which our country is a member. A sufficiently stable situation is forecast for 1979 partly due to the demand situation prevailing in the world market, while the ministry foresees a resumption of production in the EEC in 1980 which will not be accompanied by a corresponding rise in demand.

Pork

The serious market crisis in this sector can be overcome only if we resolve problems connected with the distortion of competition caused by the

application of compensatory monetary imports and the methods used to calculate them. In effect, the prolonged crisis of our stockraising does not have that cyclical and alternating quality characteristic of production but, rather, is a crisis which, in being nourished by agromonetary instruments which impede competition in production and in the market, has taken on a permanent character.

The increase in the VAT from 6 to 9 percent and the changes made to the VAT discipline merit the following considerations: in the swine sector the percentage of compensation will coincide with the ordinary rate of the VAT; in the cattle sector this rate will remain at 18 percent, while the rate of compensation will descend to 14 percent; this will in no way change the VAT system either in imports or in direct consumption.

Mutton

The prospects for this sector are dependent upon the future organization of the EEC. In fact, the EEC commission is concerned about eliminating any remaining obstacles to the free circulation of ovine products within the EEC countries; the inequality in the sphere of national regulations (France is continuing to keep its own market organization in operation, legalized moreover by Article 115 of the Treaty), the granting of domestic aids (deficiency payment in Great Britain) which alter the competitive conditions, and the difference between the French and English prices which cause a certain amount of traffic distortion, have induced the EEC council to decide to normalize the mutton market. A regulatory arrangement is still being examined from the standpoint of a single price schedule, regulated by a base price and subject to possible production premiums during the anticipated transition period.

From the Italian viewpoint there is particular interest not only in assuring stock breeders fair remuneration but also in taking into consideration the fact that some areas are characterized by arid-soil crops due to limitations of a pedoclimatic and environmental nature, with the result that it is difficult to replace sheep breeding with other types of breeding. Therefore, it would be opportune to establish premiums based on lamb production, similar to what is done in the cattle sector.

Eggs and Poultry

Forecasts for the remainder of 1979 are negative for increased production both in Italy and the EEC. Both at EEC headquarters, through a return to exports, and at national headquarters, other possibilities are being studied for placing surpluses abroad (satisfactory results have already been obtained in the case of turkeys).

Milk and Milk-Cheese Products

Production and market prospects are largely dependent upon the progress of the market for granular and Parmesan cheeses. So long as they hold firm, producers

have nothing to fear; however, it is to be noted that in 1978 production eventually increased by about 8.5 percent for Parmesan cheese and by at least 10 percent for the granular. Stocks of these two products are enormous: AIMA [State-Owned Agency for Participation in the Agricultural Market] has a current contract to stock 110,000 quintals of Parmesan cheese and 207,000 of granular.

Therefore, Po Valley producers must try to obtain greater diversification in their cheese processing to avoid flooding the market with granular cheese, for such a crisis would have repercussions on the entire sector. In this context and with the intention of facilitating another sector of typical cheeses, permanent assistance has been obtained from the EEC headquarters to stock provolone.

In the EEC the milk-cheese sector is experiencing a surplus situation in the case of milk, with a cost of 3,500 EEC units of account on the EAGGF [European Agricultural Guidance and Guarantee Fund] balance sheet. For this reason the EEC commission has proposed measures for reducing guarantees to producers. The measures proposed are particularly centered around a freeze on guaranteed prices and the application of a system of withholding based on gradual joint responsibility in terms of increased production. With regard to the freezing of prices, the ministry observes that "our country can remain apart from that proposal, since the intervening prices of granular and Parmesan cheeses are far from the market prices, which do not involve any action aimed at guarantees."

For joint-responsibility withholding the EEC commission had initially proposed a formula which, while assuring the exemptions currently granted and providing for others--on behalf of small producers--would have indiscriminately affected all milk producers with a 4-monthly and progressive rate based on increased production. The funds collected would have had to serve to reduce the sector's EAGGF expenditures. Concerning this proposal by the commission, which would have affected all producers, the Ministry of Agriculture points out that the government opposed it to the extent that, after discussions held by the ministries of agriculture, the commission came up with more flexible norms aimed at excluding the smaller producers from withholding.

The discussion of these problems is just beginning and will certainly become more intensive with further developments. However, in the new determination of joint-responsibility withholding, consideration should be given to the deficit situation of Italian production and therefore to the difference between our producers and those of other EEC countries, who "are directly responsible for productive surpluses of powdered milk."

8568

CSO: 3104

POSITION AS LARGEST EUROPEAN FINANCE CENTER DISCUSSED

Hamburg DER SPIEGEL in German 19 Nov 79 pp 163-175

[Text] German banks are making Luxembourg their most important foreign stronghold and a European financial center second only to London. The Bundesbank in Frankfurt and the Federal Banking Supervisory Office in Berlin complain that German monetary policies and bank inspection are undermined from Luxembourg.

One may take the elevator to travel from one bank to the other: Upon entering No 25 on Luxembourg's Boulevard Royal, one has the largest selection of major banking offices offered by any single administrative building on the Continent of Europe.

This is where the Luxembourg subsidiaries of the Banco di Roma, the Union Bank of Finland, the Danske Provinsbank and the Italian Banca Nazionale del Lavoro are companionably at work on various floors. Also operating under the same roof are nine European subsidiaries of German banking institutions.

The second floor, for example, houses the Vereins- und Westbank Internationale SA and the DG Bank International, located above are the private banks Trinkaus and Burkhart (International), Schroeder, Muenchmeyer, Hengst International as well as the Bayerische Landesbank International. Towering over its smaller competitors on the 11th and 12th (top) floors is the Deutsche Bank Compagnie Financiere Luxembourg.

In recent years more and more international banks have taken up residence in neighboring glass and concrete buildings on the Boulevard Royal, in restored inner city buildings and even in remodeled city apartments.

In 1967 the Dresdner Bank broke ground as the first German bank to set up a subsidiary in Luxembourg. Since that time the number of banks settled there has quadrupled (from 26 to 108), and the balance sheet total of the Luxembourg credit system bounded up by nearly 4,500 percent to achieve a volume of trillions of francs (October 1979: 3.033 trillion Luxembourg francs; DM182 billion).

Nowhere else on the European Continent do so many financial institutions jostle one another in such a small space as in Luxembourg; nowhere else in the world is such an immense volume of money and credit moved around in a location which, in economic terms, is relatively second-rate (Luxembourg's gross national product: about DM7 billion) as in the capital of the small Grand Duchy which has a population of only just about 350,000.

No more than every 9th of the 108 banks originates in Luxembourg proper or in Belgium with which the mini-monarchy has combined in an economic and monetary union (the Belgian franc has the same value as the Luxembourg franc and ranks with the domestic currency as legal tender). Fourteen banks hail from Scandinavia, 13 from the United States, 6 each from France, Switzerland and Italy.

In the financial center of Luxembourg Russians (East West United Bank), Chinese (Bank of China), Arabs (Union de Banques Arabes et Europeennes) and Israelis (Bank Hapoalim, Israel Discount Bank) pursue their various business interests.

Clearly predominant, though, are the Germans who have 27 banking subsidiaries in Luxembourg, more than anywhere else outside the Federal Republic. More graphically even than mere numbers the volume of transactions serves to illustrate the predominance of West German banks.

With a 25 percent share in banking establishments the Federal Germans account for nearly 50 percent of the total monetary and credit business carried on in Luxembourg. The subsidiaries of the Dresdner Bank and the Deutsche Bank, the two giants in the grand ducal financial community, together provide nearly 20 percent of the balance sheet total of all banks combined.

In addition to these two business giants and the Commerzbank, eight of the eleven West German Laender banks and their central institution, the Deutsche Girozentrale, have established branches in Luxembourg. The labor union bankers of the Bank fuer Gemeinwirtschaft and the credit cooperative bankers of the DG Bank set up subsidiaries in Luxembourg. Even the Bielefeld Bankhaus Lampe (sole stockholder, Rudolf August Oetker)--a rather modest credit institution--last October invited the Luxembourg financial establishment to attend the official opening of its subsidiary there.

Within only 10 years, due mainly to the expansionary impetus of German banks, Luxembourg got to rank as the second most important European center of that international money and credit market which trades mainly in dollars but also in D-marks and Swiss francs circulating outside their countries of origin.

Admittedly the City of London, birthplace of such foreign exchange transactions, still has a clear lead as a financial center, holding an about 40 percent share in this "Euro market" while Luxembourg, the newcomer among financial centers, has 12 percent (other important Euro centers: Paris, Brussels, Amsterdam). However, the new European competitor in the geographic center of the EC is developing much faster than the traditional banking center of London, so that the lead of the latter is likely to narrow in future.

In fact Luxembourg is already the leading European financial center with respect to the trade in Euro D-marks--that is those amounts of German currency held outside the Federal Republic. In contrast to the Euro banks operating in London, which settle their money and credit transactions almost exclusively in dollars, the Luxembourg Euro banks now tend more frequently to work with marks.

The small Grand Duchy welcomes the giant foreign trade business of the financial institutions domiciled in the country. Even though the business of the Euro bankers is not particularly labor intensive, nearly every 20th employee in Luxembourg works for a bank (a total of 6,900 bank employees, including 2,200 foreigners).

Luxembourg construction companies and real estate brokers, apartment owners, hotels and restaurants make money off the Luxembourg subsidiaries and branches of foreign banks. Much of the earnings of the national airline LUXAIR also derives from its flying the men in business suits, carrying the obligatory briefcase, to Frankfurt and back in 50 minutes each way.

The outstanding beneficiary of the billion transactions of the guest bankers, though, is the Luxembourg treasury: Some 80 percent of all national corporation tax revenues derive from this source.

The government is able to meet more than 10 percent of the national budget by the approximately 4.5 billion francs paid annually by the banking sector as taxes and other levies.

Two years ago, at the conclusion of its financial year, the Compagnie Luxembourgeoise de la Dresdner Bank (located in a narrow inner-city lane directly across from the Chamber of Deputies and only a few meters away from the grand ducal palace) reported that it had become the top tax payer of the mini-state; (1978/1979 payments: 1.193 billion francs).

The subsidiary of the second largest German bank thereby forged ahead of the only major industrial firm of the country, the Arbed steel corporation which, due to serious losses, has failed to pay corporation taxes for many years. Even the most successful domestic firm, the commercial radio and television company Radio-Tele Luxembourg, pays less taxes.

"Luxembourg is by no means a tax haven," comments Piet-Jochen Etzel, director general of the Compagnie Luxembourgeoise de la Dresdner Bank.

It is certainly true that the banks from Frankfurt, Copenhagen or Rome did not take up residence in the old fortress town in order to avoid taxes. Luxembourg's rate of corporation tax is 40 percent, and the average fiscal burden amounts to 45-50 percent. International banks could easily find more favorable conditions than in the city on the Alzette River. Neither the Bahamas nor the Cayman Islands in the Caribbean, for example, charge any corporation tax, and this has attracted U.S. banks in particular to these so-called offshore centers.

Until quite recently Luxembourg involved a serious financial disadvantage even by comparison to other European financial centers: As the country had so little inherent economic importance, the mini-state was able only to conclude eight double-taxation agreements with other countries. One of the eight was with the Federal Republic, but no agreement existed with either Switzerland or the United States.

Consequently the banks domiciled in Luxembourg had to submit to dual taxation for interest earned in countries with which no taxation agreement existed--the capital yield tax payable abroad and the tax on the interest earned payable in Luxembourg.

It took the urging of the international banks for the Luxembourg Government to reduce this taxation handicap vis-a-vis financial centers such as London which profits from 75 dual taxation agreements: From last year on the banks have been permitted, within certain limits, to count the taxes paid abroad toward the taxes due in Luxembourg.

The real reason for Luxembourg's attraction for foreign banks are the two advantages indispensable for a Euro market center:

-- No minimum reserve obligation and

-- No strict bank supervision.

In contrast to credit institutions in countries such as the Federal Republic and the United States banks in Luxembourg are not obligated to keep part of their customers deposits as a minimum reserve at the central bank--where the money does not earn interest. The Luxembourg banks thus have a competitive edge compared to institutions weighed down with the cement block of moneys deposited and frozen without interest.

Moreover the financial institutions on the other bank of the Moselle are free of the fetters by which the Federal German KWG [banking law], for example, seeks to lessen the risks of the bank business. Banks in Frankfurt, Duesseldorf and Munich are constrained by the KWG not to lend more than 18 times their net worth. And a bank may only lend a single borrower a total amount not exceeding 75 percent of the bank's net worth.

The KWG includes a plethora of other detailed provisions specifying what a German banker may or may not do in order to protect savers and other depositors from losing their money. The Berlin Federal Banking Supervisory Office zealously watches over the exact observance of all KWG provisions.

The situation is vastly different in Luxembourg. True, here also a supervisory agency, the Commissariat au Controle des Banques, sees to it that the mini-state should not "become a haven for financial shenanigans" (Hans-Joachim Schreiber, board member of the Dresdner Bank). Still, only a few directives and legal regulations narrow the scope of operations of the banks --for example the requirement that 3 percent of liabilities must be covered by capital stock and reserves.

Admittedly Pierre Jaans, Luxembourg's chief supervisor, claims that he is able to keep the domestic financial center perfectly policed precisely because the few Luxembourg bank regulations allow him a great deal of scope. "We work with rather more subtlety and less dogmatism than they do in the Federal Republic," explains the bank commissioner who equipped himself for his present job in 10 years of working for the German Bundesbank in Frankfurt.

Jaans is particularly interested in only allowing banks with top reputations to enter the country. A bank applying for a Luxembourg license has to do more than present its subsidiary with a dowry amounting to at least 350 million francs (the prescribed minimum capital). It must also be so respected that it can find sufficient sponsors for an establishment in Luxembourg, and these sponsors need to be old established banks in that country.

The supervisory agency will issue a license only if two banks with at least 5 years of Luxembourg know-how are prepared to sponsor the applicant. Jaans explains this custom by saying: "We have a responsibility to the growing banking community and must ensure that the reputation of the Luxembourg center remains high."

To give an example: The Copenhagen Finansbanken--boasting a royal highness called Prince Peter of Greece as honorary president of its administrative board--has so far been unsuccessful in its efforts to settle in Luxembourg. Bank supervisor Jaans also rejected oil princes from the Orient who thought they would advance their status by acquiring a bank in Europe, in addition to luxury villas and private jets.

"Considering the pride of these people," Jaans reports, "we must be very diplomatic, but we do not want any amateur bankers here; for them there are softer climes than those of Luxembourg."

On the other hand German bank supervisors consider Luxembourg banking customs decidedly lax. Federal Finance Minister Hans Matthoefer, for instance, complains that "the requirements of the bank supervisory agencies are always lower in those countries where Euro banks have established themselves than they are in the countries of origin of the respective credit institutions. It is precisely this aspect of Euro banking, which causes us the worst headaches."

The reproof, though phrased in general terms, is clearly aimed at the small neighboring principality. In contrast to the foreign branches of German banks--typical are the branches in the London financial center--all German banks in Luxembourg are constituted as juridically independent subsidiaries. Foreign subsidiaries--and that is the point--are not subject to the supervision of the Federal Banking Supervisory Office in Berlin.

The Berlin bank guardians therefore fear that, by way of their Luxembourg subsidiaries, German banks might get involved in such risky transactions that in a major international banking crisis even the apparently rock solid parent institution might totter.

Inge Lore Baehre, president of the Berlin Supervisory Office, suspects that "any business with such a rate of expansion is bound to arouse feelings ranging from curiosity to outright suspicion."

Together with the Bundesbank the German supervisory authority urges German banks to disclose more of the business operations of their Luxembourg subsidiaries. Last year the public discussion escalated to the point that the German Ambassador to Luxembourg wrote the Foreign Ministry in Bonn to warn of adverse consequences for the German image.

Finally Berlin and Luxembourg bank supervisors and the German credit institutions arrived at a gentlemen's agreement early this year. According to this the banks supply additional data on the credit transactions of their Luxembourg subsidiaries to the Banking Supervisory Office and the Bundesbank once a year, while observing the Luxembourg banking confidentiality.

"I object to supervision from Germany," admits Dieter Teustel, head of the Bank fuer Gemeinwirtschaft Luxembourg, "their controls are simply too perfect." For the German bank supervisory office, however, the agreement represents no more than "a first step" (Baehre). The Berliners, for example, are not satisfied with the Luxembourg reports of the banks, handed to them for the first time in recent months; they also want to know the names of the various borrowers to whom the subsidiaries abroad are lending their funds.

The reports include detailed credit data in a kind of code, because the Luxembourg bank supervisory agency cites bank confidentiality and objects to detailed information being given.

The German bank supervisors, for their part, have good reason to ask for such details. They fear that the KWG regulation might be evaded, according to which all major German borrowers (liabilities: DM1 million and more) and their debts must be included in a so-called evidence list: Without data showing the amount of the debts of various German firms with Euro banks in Luxembourg, this index of debtors will be "less complete and more defective with every passing month" (Baehre).

The Berlin credit purists are also highly suspicious of a speciality of Euro banks, the so-called roll-over credit. When granting roll-over loans the Euro banks (which usually have available time deposits of only up to 6 months from other business banks, banks of issue or multinational corporations) lend short-term funds for either medium or long term use (normally 4-10 years) by constantly obtaining new short-term funds on the money market. This credit technique is all too reminiscent of former financial acrobat Rudolf Muenemann who rapidly came to grief in his refinancing schemes when the interest payable by him for short-term funds rose above the interest he received for his long-term loans.

However, in the meantime the banks have discovered a twist enabling them to avoid this kind of risk. No longer do they ask their borrowers to pay a fixed interest rate (as was the custom up to Muenemann's era); now they agree on a specific profit margin which is added to their respective refinancing costs.

Every 3-6 months the Euro banks adjust the interest rates of roll-over loans to the changed rates on the short-term fund market. The debtor is therefore no longer in a position to calculate the long-term costs of borrowing.

Nevertheless such loans are attractive to Euro customers because the terms are usually more favorable than for medium or long-term credits at fixed interest rates.

Consequently roll-over loans have become so popular of late among Euro borrowers (primarily government institutions in industrial and developing countries and multinational corporations) that the Euro banks are already granting more than 50 percent of their loans at variable interest rates.

As a result of their feverish hunt for new customers, though, the Euro banks have tended to reduce the margins between their borrowing and lending rates to a minimum while raising the period of maturity of the loans. The German credit supervisors fear that the banks would be hard put to it to survive an international financial shock, caused possibly by the collapse of a major debtor.

Even the bankers are having second thoughts now about the financial greenhouse in Luxembourg. "The competition threatens to become ruinous," complains Ekkehard Storck, head of the Luxembourg subsidiary of the Deutsche Bank, for example. "The level of margins is simply no longer warranted if we consider that never before have we confronted such a proliferation of problems on the Euro market."

Nevertheless the Euro banks may be confident that they will usually be able to offer their depositors higher deposit rates than institutions subject to the minimum reserve obligation; in other words they will be in a position relatively easily to refinance even at times when money is scarce. It is precisely this competitive edge of the Euro banks, which the German Bundesbank considers increasingly to undermine its monetary and credit policies.

When the Bundesbank raises minimum reserves in order--for cyclical or stability reasons--to curtail the domestic money supply, the Luxembourg banks with their lack of reserve obligations enjoy even greater competitive advantages. The large German firms are then likely to incur more debts in Luxembourg instead of borrowing from banks in the Federal Republic. In 1977/1978, for example, the debts owed to Luxembourg by German firms rose by DM7 billion.

Even if the D-mark should become so scarce that the interest on D-mark deposits would rise very sharply in Luxembourg also, this would hardly restrict the scope of Luxembourg banks for lending D-marks. In such a case the banks would simply obtain dollars which--converted to D-marks--they could then lend to German borrowers.

As a result the D-mark exchange rate must rise. When, subsequently, the Bundesbank buys dollars to avoid the undue revaluation of the mark, the domestic money supply increases once more. The Bundesbank people then need even more to raise the minimum reserve rates, and the pretty 'one' roses across the German-Luxembourg border is given new impetus.

Together with the Americans German monetarists are therefore pleading for the introduction of a standardized international minimum reserve obligation. Such a system, however, would deprive international financial centers such as Luxembourg of their most important business base: The proposal therefore has not the slightest chance of being accepted by the Luxembourg Government.

Bank commissioner Jaans rejects as "inappropriate" any criticism of this attitude of the Luxembourg authorities: After all, other countries also are always mindful of their own interests; for example when, without prior consultation, "they construct nuclear power plants on rivers which represent the common border of two countries."

11698

CS0: 3103

DEMONSTRATORS PROTEST NUCLEAR WASTE DISPOSAL

Rotterdam NRC HANDELSBLAD in Dutch 28 Nov 79 p 17

[Article by Erik van der Hoeven: "Nuclear Waste in Salt Domes: Van Aardenne Is Premature"]

[Text] Minister Van Aardenne (economic affairs) reported to the Second Chamber 6 months ago that "a responsible solution" had been found for the disposal of nuclear waste: storage in salt domes. Since then increasingly critical remarks have been heard from geologists and mining experts about the minister's plans. Whoever listens attentively and reads the published reports very carefully must surely come to the conclusion that the minister is very premature with his findings and that many geophysicists are, at least, dubious about the official assurance.

Moreover, this does not imply that they think that salt domes are an unreliable storage place for nuclear waste. Geological circles seem to be more than ready to cooperate on a solution for the nuclear waste problem, with the idea that underground is a safer storage place than the cooling basin of a power plant (as was also indicated in the leading article in this newspaper of last 21 November). Just as widespread, however, is the scepticism about what is regarded as the simplistic approach of the minister and his advisory committee, ICK [Interdepartmental Committee for Nuclear Energy].

The minister proposes that experiments be conducted as soon as possible in one or more salt domes in the northern Netherlands; the results of which should lead to conclusions within 2 years, which then could be brought up in the "social discussion" about nuclear energy.

However, a symposium "Geology and Nuclear Waste Disposal" last month in Utrecht led to quite different schedules. The

dean of the Subfaculty of Geology closed the congress with the words: "It seems that a great deal still must be done, working groups of our department are proceeding with this task." Engineer Hoefnagels of the State Inspectorate of Mines expressed himself even more explicitly, in answer to a question from the floor. He estimated that the necessary research would require about 10 years and pointed out that our eastern neighbors had not voted a billion marks for such research for nothing.

Simplification

The idea that the test borings should be able to give the answer to the question whether nuclear waste can be safely stored, is in this view, consequently an exaggerated simplification. The main problem seems to be the effect of nuclear waste heat production on the salt dome. Will not weaknesses develop in and around the salt dome as a result of heat production? It seems that it can be determined only through tests on the spot underground, consequently only after the opening of a mine, as was recognized in the investigation in the FRG.

Hoefnagels explained in his Utrecht lecture that the study of this problem demands the development of a completely new interdisciplinary branch of science. On one side is historic geology, which can study the formation of the salt dome in the past, but cannot make any predictions from that about the behavior of a formation broken down by nuclear waste. On the other hand, is mining engineering, which is accustomed to handling short term problems and does not have the facilities to determine the mine's stability on a long term basis.

Criticism

In the risk analysis which one of the official working groups made, the possible weakness of the dome, due to the effects of nuclear waste, was not taken into account on the whole. For they always definitely assumed here a salt dome, which can be regarded as in its original condition after the storage of nuclear waste. On the whole, this assumption could not stand the geological test of criticism. For in this approach the greatest risks were not considered: The possible accidents during the operation of the mine and the effect of nuclear waste in the period immediately following that.

However incredible that may sound, the conclusions that storage in salt domes is "responsible," is based on a risk analysis,

where the most important dangers are not considered. The conclusion is only valid for a storage of waste which has come through the first 1,000 years without problems.

When one realizes this, the question arises immediately, why this reservation of the geophysicists is not found in the official reports. The answer must be sought in the operation of the consulting organizations.

The report which is submitted to the minister is the product of ICK. The latter has thereby used reports of working groups of the RAS [Radioactive Wastes Subcommittee] which is under it. The geophysicists are represented in working groups in RAS, but not in ICK. The ICK report obviously differs in essential features from the RAS Working Group C report (mining aspects) and is even inaccurate and incomplete, precisely on the main points, in its compilation.

In a very emphatic passage, working group C, for example, advocates the establishment now of an administrative service, so that there is no risk of official differences of opinion about the storage of the most dangerous material ever held in large quantities in human hands. Working group C also thinks that a risk analysis is necessary for short term dangers.

One looks in vain for these ideas in the ICK report. The question whether the ICK report is really represented by the best experts on the subject, is definitely becoming conclusive as a result of such observations. It becomes even more serious when one realizes that the "alternative solutions," which the minister wants to investigate, are apparently not discussed in RAS working groups; in any case their opinion about that is not public.

So it definitely would be to the point, if working group C's opinion was made public about storage of nuclear waste in salt domes under the North Sea bottom, or in the bottom of the deep sea. How responsible really is the political adventure of shifting from Drenthe to the North Sea, when Doctoral Candidate Harsveldt (National Geological Service) reports at the Utrecht symposium, that on the basis of current knowledge, both of North Sea domes referred to are unsuitable?

Irresponsible

Nuclear waste, as mentioned, is the most dangerous material ever produced by man in large quantities. The technical

preparation of the storage area will require meeting the highest possible demands. The same is true for the administrative preparation, when we know that the potential mine must remain open possibly 120 years. Consequently the omission of the opinion of the most demanding working group is ominous. It indicates not only underrating, but irresponsibility.

Regardless of ideas about nuclear energy, every right thinking person will hardly be satisfied with less than perfection in the preparation of nuclear waste storage. Current procedures have serious shortcomings in this respect. Where such dangers are possible, as in this matter, every deficiency in preparation, every concession to short term political advantage, every sign of administrative manipulation, must be mercilessly exposed.

8490
CSO: 3105

ENSCHDEDE OBJECTS TO ARMY STORAGE PLAN

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 20 Nov 79 p 1

[Text] Enschede, November 20--The municipal council of Enschede last night raised strong objections to the establishment of a storage depot for U.S. army material in this town in the Twenthe region of eastern Holland.

In an unscheduled debate on the plan the general consensus was that the 75 new jobs per hectare the project would provide was too low.

Councillors noted that in its efforts to attract new industries the municipality was seeking at least 200 to 300 new jobs per hectare.

CDA and Labour members further argued that a depot for tanks, guns, vehicles and ammunition was too risky in their densely populated area. The Labour members further feared that the depot might later be used to store tactical nuclear weapons.

Military Reasons

Most council members doubted whether the depot plan was part of government policy to stimulate employment in the outlying regions. They believe the site had primarily been chosen for military reasons.

Plans for the storage of U.S. army material in the Netherlands were first announced by Prime Minister Dries van Agt at his weekly press conference last Friday.

Mr Van Agt said the envisaged depots in the Twenthe- southeast Drenthe region and in the south of Limburg province would offer direct employment for some 1,550 civilians.

CSO: 3120

BRIEFS

MP'S OPPOSE DEFENSE BUDGET--The Hague, November 20--The Second Chamber today wound up its debate on the 1980 Defence budget, with 16 Labour members and deputy CDA floor leader Hans de Boer voting against all articles relating to nuclear armament. Labour member Hank Knol, who spoke for the 17 opponents, said the time had come to adopt a standpoint of principle against nuclear armament. The Communist, Radical PPR and Pacifist-Socialist parties voted against the budget as a whole. The Chamber adopted a motion with the support of the Labour and Liberal VVD parties, saying the Government should investigate the causes of complaints about the malfunctioning of consultations between the Government and the officers' associations. It said State Secretary Cees van Lent should submit before April 1 a plan for his personnel policy for the coming years. The CDA party said it was satisfied by a promise made by Mr Van Lent that he was trying to improve matters. [The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 21 Nov 79 p 2]

CSO: 3120

'REFORMERS' ISSUE SECOND MANIFESTO, EXCERPTS PUBLISHED

Lisbon DIARIO DE NOTICIAS in Portuguese 24 Nov 79 pp 5, 6

[Text] Yesterday, a group of 37 individuals associated with the Reform Manifesto, or regarded as independents released a document entitled "Changing Portugal, Bases of Strategic Solidarity." The text begins by stating: "Analyzing the Portuguese situation, and agreeing on the major features of a plan for the transformation of the country, we the undersigned are using this means of expressing our position with regard to the current political period." In the last part, devoted to the approaching elections, it declares the support of the signers for "certain independent and reformist candidates." At one point, they write: "Constructing must be nothing less than recreating Portugal, which has become different upon being decolonized;" after stressing the fact that "we are well along in the sixth year of the Portuguese revolution and, after a particularly critical phase, destroying things of the past, we have not yet resolutely embarked upon the constructive phase."

The document, which is divided into three large chapters (Contradictions, in the present situation, Options, for the future; and Elections), explains its nature and objectives in the latter chapter.

"Devising a strictly national plan, it is not an electoral manifesto. However, it deals with the forthcoming elections, and does not attempt to ignore them. On the contrary, in publishing it, we are well aware that it will have effects on the immediate policy. And we accept them, desiring to back certain independent and reformist candidates."

The 33-page text is signed by former Ministers Antonio Barreto, Alvaro Barreto, Vaz Portugal, Proenca de Carvalho, Eusebio Marques de Carvalho, Santos Martins, Medina Carreira and Valente de Oliveira; Ambassador Vitor da Cunha Rego; former State Secretaries Artur Santos Silva (Jr), Jose Matos Torres and Paulo Mendo; Constituent Deputies Artur Santos Silva, Luis Roseira, Manuel Canigio and Miguel Vega; university professors and assistant professors Rosado Fernandes, Manuela Delgado, Antonio da Rocha Melo and Eduardo Paz Ferreira; attorneys Angelo de Almeida Ribeiro, Eduardo Figueiredo, Joao Vieira de Castro and Antonio Serra Lopes; Drs Alexandre Corte Real,

Pedro Pinho e Costa and Mario Leao Ramos; economist Miguel Cadilhe; journalists Antonio Freitas Cruz, Vitor Direito, Torquato da Luz and Francisco Sarsfield Cabral; the head of SEDES [Society of Studies for Economic and Social Development], Maria Idalina Neves e Sousa; the members of the Office of Social Research, Manuel de Lucena and Jose Barreto; researcher Alexandre Bettencourt; and industrialist Francisco Vanzeller.

Also signing the document, declaring that they "enthusiastically" accept the support given to them, are the candidates from the AD [Democratic Alliance] tickets, Medeiros Ferreira, Francisco Sousa Tavares, Jose Manuel Casqueiro, Nuno Godinho de Matos, Jose Vasconcelos Abreu, Pelagio Madureira, Armando Adao e Silva and Cristina Abreu.

Contradictions (Diplomacy, Socioeconomic Structures and Political System)

In the first chapter (Contradictions) the document cites the "extremely high costs for the nation and the citizens, groups and classes which comprise it, entailed by the failure to reconstruct the country in the area of the political structures, the economic system and diplomacy."

The text reads: "At this rate, our young democracy is about to become old with empty hands, without respectable institutions or sound finances, cultivating a dubious economy and a dual international personality in poverty. (...) The country has only clearly established an indebted position, unaccompanied by a serious effort for recovery, and hence a position precluding genuine national independence. What is supposedly being cultivated at present is nothing more than additional subservience. And there are some who think, or who try to convince us that groveling to poor countries compensates for (or facilitates) begging at the feet of the rich ones. This is a particularly serious fact in the relations with certain former colonies. Alas, Portugal, after having clung for years to dreams of colonialist preeminence, appears to be content now with constant humiliation. As if the opposite of this were a virtue. But no, the loss of any actual influence in Africa only results in a weakening of our position in dealings with the European Economic Community, or with international financing entities."

And it adds: "It is all connected: the obvious duplicity in foreign policy, the constant uncertainty regarding the internal socioeconomic model and the dubious activity of the political institutions, pacified by constitutional patchwork."

Proceeding to analyze each of the three areas cited previously, it states:

"From a diplomatic standpoint, Portugal is wavering between the Atlantic Alliance and a concealed budding neutralism. And it claims to have a destiny as an intermediary between Europe and Africa, without having yet explained for certain which of the two continents it belongs to, from a clear perspective.

"In the realm of the socioeconomic structures, there is an equally disturbing hybridism, the persistence of which has not failed to nurture the confusion caused by the foreign policy. We are not challenging the coexistence of three sectors of the economy (the state, private and self-managed cooperative), but we do question the lack of principles which would reliably determine the relations between them and their order of importance."

On this second point (socioeconomic structures), the text calls attention, among other facts, to the "little that has been done to make a thorough adaptation of the Portuguese economy to the European framework." Underscoring the lack of standards for regulating the "healthy competition between the public and private sectors," it notes that "the threat of a giant state is not anything far-fetched or unrealistic." It also mentions the "opposite risk," namely, "that of the proliferation and preeminence of a savage capitalism." Under these circumstances, and since "one cannot distribute wealth that does not exist," the "real wages today have reverted to levels that existed years ago, and the participation of the workers, in addition to being subordinate, appears to be ineffective."

With regard to the third point, it states: "As for the political system, the crisis in which is by now chronic, and threatens to become irremediable, there are many contradictions. It befits us to mention the three main ones: that in the civilian and military authority, that of centralism versus decentralization and that of the supremacy of Parliament or of the president." (...) The members of the Constituent Assembly of 1975-76 chose a so-called semipresidentialist system, which, however, also appears to be semiparliamentary. This is a system wherein the powers of the head of state and of the Assembly of the Republic are balanced, in principle. (...) But the theoretical balance was such, and the juridical equality between the president and the deputies was such, that the system was left without a definite leadership. Juridically speaking, the PR [President of the Republic] and the Assembly, because they are in a stalemate, have voted in agreement. But, politically, under the Portuguese circumstances, particularly with the electoral law, the party system and the armed forces that we have (the PR also emanates from them), politically, they have been placed in the position of confronting one another and become weakened together, in the event that neither of them becomes strengthened by itself, separately. (...) Essentially, we are faced with an inability to make gradations among authorities (as if their mutual limitations were incompatible with this), resulting in confusion and paralysis for the political system similar to what we can observe in the economic and diplomatic areas."

'We Are A European, But an Atypical Country'

The second chapter (Options) begins by stating that the political proposal contained therein is based on two fundamental notions: "The fact that, owing to its geography, history and economy, Portugal is an essentially European country (...); and that, yet, we are an atypical European country,

whose very personality is descended from a very strong Atlantic race: from the Portuguese people's deep roots in Africa and the Americas."

It subsequently declares: "The West is in a state of crisis, and in great need of deep-seated reforms," but "we are an integral part of it and, in the long run, united with it;" and hence, "Portugal does not have to say 'amen' to everything, but it would certainly never turn against its traditional allies." It stresses: "We shall have to innovate by ourselves."

The consequences of our inclusion in Europe and of the nation's cultural roots are enumerated in three categories: in the area of socioeconomic relations, in the area of foreign relations and in the area of political institutions.

With respect to socioeconomic relations, it advocates "a clearcut renunciation of any mirage involving 'socialism in a single country' of Western Europe, and of the publicized image (an idyllic one for some, to their misfortune) of the alleged Portuguese underdevelopment, the cure for which would be a state capitalism with a socializing facade. The prospect of joining the EEC requires, quite the contrary, that we proceed to make a structural realignment of our economy in the opposite direction. To put it bluntly, this means that the Portuguese economy should not differ substantially from that of the nations of the Community."

The authors of the document add: "Within the context of the European option, we propose a policy with three major objectives: the reformulation of the economic system, control of the economic authority by the political authority and the planning of a new framework for 'social harmony.'"

In connection with the reformulation of the economic system, it advocates: "authorization for private banks and insurance companies, the opening of branches of industry in general to private enterprise, the judicious restoration to private hands (or perhaps their transfer to concessionary status or that of a mixed economy) of the nationalized firms in branches of industry which are not at all basic, a reformulation of the public sector with a lesser group of large enterprises, the actual implementation in Alentejo of the Law on Bases for Agrarian Reform, so as to put an end to all the large estates which exist there (the private and collective ones, commonly known as UCP) as a first step toward genuine agrarian reform applied to the nation as a whole; and, with a view toward rural development (...) and a desirable coexistence of private types, to create, specifically, family farms and types of free association, such as farmers' cooperatives, as well as the so-called group agriculture. It is considered a matter of priority to start new family agricultural enterprises comprised of the current wage-earning partners or tenants."

As for the control of the economic authority by the political authority, "including private and public enterprises (it notes) certain harsh forms may have to be adopted during times of acute crisis," calling for the exercise thereof "in various ways." "Direct control, using the ordinary devices

of legislation and inspection; indirect control, including concurrent action by the public sector; participatory control, with the development of democratic planning; as well as other mechanisms for conciliation; control through the conversion of the productive units themselves, by means of a reform of the enterprises aimed at insuring regularity and visibility in the governing thereof; and conferring on the respective workers actual powers of control or joint decision-making in matters which directly affect them."

In the matter of the system of "social harmony," it calls for "trade union liberty and freedom of socio-professional association, freedom for collective bargaining (and extended bargaining), the right to strike (...), subject to a necessary (but speedy) legal stipulation and the consultation of social partners through various agencies."

The matter of foreign relations is divided in three parts: Europe, the Atlantic Alliance and Africa.

With regard to Europe, it reads: "The entry into the EEC should be quickly planned and negotiated. In negotiating it, it befits us to be very definite (although judicious) about the process of economic integration, carefully distinguishing it from political rapprochement."

As for the Atlantic Alliance, it stresses that, "The status of a country that is a member of the Alliance is not compatible with neutralist leanings, except perhaps for those of the individuals who would like to dissolve NATO without waiting for the weakening of the Warsaw Pact. And a passive participation, without its own goals and apathetically imitative, does not befit Portugal either."

Finally, concerning Africa, the authors of the text are of the opinion that, "The development of relations with the former colonies is definitely a Portuguese affair, regardless of how much it may interest our allies as well. However, it is not appropriate to allow them to tag behind alliances (much less to put them under the orders of any international entity)." After underscoring the need to "intensify those relations (but in a way that would accrue real advantages)," it concludes by stating: "The more influence of our own that we have in Africa, the more we shall be respected elsewhere; but Portuguese action on the black continent will also make further gains when it is properly combined with that of the EEC and of our Western allies, not overlooking Brazil. It is in this dialectic that the best hypothesis of independence in interdependence lies."

Political Supremacy of the President, and Consolidation of Parliament

In the realm of political institutions (the third area), a distinction is made between two matters: that of the relationship of the state organs and that of the new Constitution.

They write: "With respect to the state organs, we express a very clearcut desire for the institutional leadership of the president of the republic (...). But we want a democratic president, in whom that concentration does not exist at the expense of the fundamental liberties, and that contact does not have the effect of suppressing, or even diminishing political pluralism. It is for this reason that our proposal has two features: It advocates the political supremacy of the president of the republic; but it also consolidates Parliament."

The text calls for two new functions for the president: "that of guiding the nation politically, and that of judging the operation of the institutions." And it explains how each of them would be achieved.

In order to reinforce the Assembly of the Republic, it advocates changes of authority (some) and in composition and method of operation (others). For example, it calls for a simple majority for establishing a legal document voted by the president, and a single motion of censure to overthrow the government.

It reads: "To put it briefly, we want to do what is necessary to enable the PR to be prominent, without making the AR [Assembly of the Republic] weak." And it cites two more aspirations: the subordination of the military to the civilian authority, and the decentralization of the state and regionalization.

Replacing the Constitution

On the topic of the new Constitution (which they submit as a requirement for what they have stated), they write: "And it will be so different from the present one, at least materially, that it is impossible to conceive of it as the result of a genuine revision in the terms that have been planned. In fact (and strictly speaking), it will be a replacement. But (...) it would be fitting if this change were not sudden, and if the new Constitution were to result from a process of joint participation, in one way or another, by the present organs of sovereignty."

Elections and the Taking of Power

The third chapter (Elections) states specifically: "What most concerns us is that the tactical time of the elections be properly related to the strategic prospect of taking power, and the coherent exercise thereof by a democratic bloc that is true to the inspiration which imbues us. The Democratic Alliance could contribute to the formation of such a bloc, but its parliamentary thrust (as necessary as it is insufficient) must be related to that of a president of the republic who has been elected through universal suffrage."

Explaining that they are not making any choice of individuals, they state that it is necessary for the "PR to unequivocally assume the role of a guide (and not a mere judge) of the national government;" and that "he devise a clearcut political plan resulting from great (but not at all vague) options (...), eliminating the persistent ambiguity and fostering the emergence of a new Constitution."

2909

CSO: 3101

'AVANTE' PUBLISHES PCP ELECTORAL PLATFORM FOR DECEMBER CONTEST

Lisbon AVANTE in Portuguese 15 Nov 79 pp 9, 10

[Text] Electoral Platform of the PCP [Portuguese Communist Party], a Program for the Portugal of April

Interim Election for the Assembly of the Republic, December 1979

A Program for the Portugal of April

The interim elections for the Assembly of the Republic will take place as part of a constitutional solution to the government crisis that has been latent since 1977, marked by the fall of consecutive governments which unleashed against Portugal an increasing offensive consisting of violence, illegalities, despotism, arbitrary conduct and unconstitutional acts.

The policy of an offensive against the Portugal of April, reflected most brutally in the Mota Pinto government, proved to be a policy of disaster and national destruction. It caused extremely serious damage to the country. It imposed enormous suffering and problems upon the Portuguese people. It proved to be incapable of giving a response to the problems and anxieties of the Portuguese people. It was demonstrably opposed to the new economic, social and political realities of Portugal.

Their own experience has shown the Portuguese people that a policy in opposition to 25 April is of no use to our country. Millions of Portuguese rose up in a steadfast, courageous battle in defense of the democratic regime, their rights and liberties, and the accomplishments and hopes of 25 April. The ouster of the Mota Pinto/PPD [Popular Democratic Party]/CDS [Social Democratic Center Party] government and the holding of interim elections based on the terms of the Constitution represent a first major victory for the Portuguese people and the democratic forces.

The national interests, stability, the consolidation and development of Portuguese democracy, the creation of an atmosphere conducive to creative endeavor and the solution to the problems of the Portuguese people and of

Portugal demand that the election results confirm the defeat of the reactionary parties and lead to the formation of a democratic government with a democratic policy, which will improve the people's living conditions and pave the way for economic recovery, and will insure the liberties and the democratic regime, preserving national independence.

In presenting its Electoral Platform, the PCP proposes to the Portuguese people and to all democrats and patriots a serious basis for understanding, common action and a government policy that will fulfill the aspirations of the Portuguese people, prove capable of coping with the nation's problems and take the national realities into consideration.

The policy that the PCP proposes to the Portuguese people has eight fundamental points:

1. Respect for the Constitution, and stability and reinforcement of the democratic regime.
2. A guarantee of the liberties and rights of the citizens, of legality, of democratic order and of public calmness.
3. A curbing of the increased cost of living, and an improvement in the living conditions of the workers, and of the middle classes and strata.
4. A dynamization of the Portuguese economy, aimed at progress and improvement in the people's living conditions, based on respect for the limits of the economic groups (the nationalized sector, the UCP [People's Cooperative Unions ?] and agrarian reform cooperatives, self-managed enterprises, co-operatives, small-scale agricultural and industrial producers and capitalist enterprises).
5. Abrogation and rectification of the unconstitutional and illegal decisions and acts of the past governments, namely, the offensive against agrarian reform, the cancelled interventions and the purging of democrats from the state apparatus.
6. Education and culture in the service of the people.
7. Unity of the armed forces and military stability.
8. A strong defense of national independence and sovereignty, and of territorial integrity; diversification of foreign relations, and friendship and cooperation with all the peoples of the world.

The PCP's Electoral Platform is associated with the general aspirations of the Portuguese people to live in democracy, achieve better living conditions and insure national independence. It is associated with the objective and concrete needs and conditions of present-day Portugal.

The PCP's Electoral Platform is a platform for the Portuguese people. It is a platform for the Portugal of April. It is a platform for the independent, democratic Portugal on the path to socialism.

With the Constitution for a Democratic Shift in National Policy

The defense of the Constitution is a key point in the platform which the PCP presents to the electorate, with a view toward a vote for APU [United People's Alliance]. In its political action, its proposals and its intervention in national life, the PCP is inspired by the fundamental principle that it is only within the context of the democratic regime and respect for and implementation of the Constitution of the Republic that truly national solutions can be found for the serious problems of Portugal and the Portuguese people.

To the Portuguese people, the Constitution of the Republic represents an important guarantee of their rights and liberties, a factor for stability in the country's democratic existence, the confirmation of the living and uplifting heritage of the conquests of 25 April, and the platform for hope, brotherhood, social justice, progress and development that is capable of uniting all the men and women on Portuguese soil who want to build a better life in a free, prosperous, sovereign and independent fatherland.

Political stability, an improvement in the people's living conditions, economic recovery and progress for the country are inseparable from respect for and implementation of the Constitution of the Republic. The PCP's Electoral Platform is a platform for the defense and implementation of the Constitution of the Republic.

In order to insure the materialization of the democratic policy summarized in the eight fundamental points just announced, and to offer a response to the most pressing needs of the country and the deep aspirations of the people, the PCP deems it necessary to achieve in the political, economic, social and cultural realm, and that of foreign relations, a governmental, legislative and people's action steadfastly aimed at fulfilling the values and patriotic objectives set forth in the Constitution of the Republic.

Defense of Liberties, Democratic Life, People's Participation

The Portuguese people want to live in liberty, peace and security. They want to see the stability of the democratic regime insured, because only a stable, democratic regime can guarantee the rights and liberties of the citizens, and can promote the progress of Portugal, the solution to the national problems and the fulfillment of the aspirations of the Portuguese people.

The reactionaries and the right wing parties (PMD/PSD [Social Democratic Party], CDS, PPM [Popular Monarchist Party] and PDC [Party of Christian

Democracy]) have proven by their action that they are opposed to Portuguese democracy. They have defended, backed and applied a policy of destabilization, of discreditation for the democratic institutions and of sabotage of their operation. They have promoted campaigns against the Constitution and the organs of sovereignty. They have advocated the artificial exacerbation of conflicts and confrontations in Portuguese society. The essential purpose of their political platforms is to curtail the rights and liberties of the citizens, to reestablish arbitrary action, violence and repression, to destroy the foundations of the constitutional regime and to eliminate the democratic conquests of April.

The PCP's Electoral Platform is a platform for consolidation of the democratic regime, defense of liberties and the extension of the people's intervention in national political life.

The PCP's Electoral Platform responds to the aspirations for peace, security and stability of the Portuguese people.

For the defense of liberties and the consolidation of the political democracy, the PCP proposes to the voters a program for governmental, legislative and people's action in the following main directions:

Reorganization and democratization of the state apparatus and its services, so that they may faithfully and effectively serve the democratic regime, specifically in the administration of justice, the armed forces, the police, the diplomatic system, and public administration. A combating of bureaucratism, corruption, nepotism, favoritism and the monopolization and manipulation of the state apparatus and public offices by partisan patrons. Reinstatement of the democrats who were dismissed for political motives, and the ouster of fascists from key positions.

Defense of democratic order and public calmness, with an effective guarantee of the exercise of citizens' rights throughout the entire national territory. A stringent investigation of terrorist activities, with trials and penalties for those responsible for them, and of all those who attack the liberties and democratic life of the nation. Enforcement of the law which bans fascist organizations, their activities and their propaganda. Placing the state's news media in the service of the ideals of April and democracy, and precluding their use for propaganda advocating unconstitutional activity.

Consolidation of liberties with a declaration of unconstitutionality and illegality for restrictions on liberties through regulatory or administrative measures. Actual pluralism and independence in the nationalized news media with respect to the political authorities. Preparation of anti-monopolistic legislation for the effective preservation of freedom of the press.

Regular operation of the democratic regime and institutions, according to the terms of the Constitution.

Reinforcement of the local authorities, with complete enactment of the principles of administrative decentralization and financial autonomy in local governments, and effective enforcement of the laws which prescribe them.

With the Conquests of April, Economic Recovery and Progress for Portugal

The Portuguese people want to see the national resources, energy and wealth placed in the service of Portugal's progress. They want to defend the conquests of April, which will make it possible to place the national economy in the service of all Portuguese. They want the development of production to insure economic recovery, to meet the needs of the country and to improve living conditions.

The reactionaries and right wing parties have defended, backed and applied an economic policy aimed, not at the economic recovery of the nation, but rather at the regaining of factories, companies, land, banks and capital, as well as dominating positions of the big capitalists and landholders that were expropriated by the democratic revolution. Measures such as the freezing of wages, increases in prices and taxes, higher interest rates, restrictions on credit and consumption, stagnation of production, and devaluation of the escudo, instead of the announced economic recovery, have deepened the crisis, made the people's living conditions worse, and increased Portugal's dependence on foreign countries. The program of economic policy of the right wing parties is based on the unbounded exploitation of the workers, layoffs and unemployment, a decline in the living standards of the workers and the middle classes, bankruptcy for small and medium-sized producers and submission to the demands of the foreign capitalists in the IMF and EEC.

The PCP's Electoral Platform is a platform which, in the economic area, is based on the general mobilization of the nation's resources and productive energy, on the creative capacity of Portuguese workers, and on support for the nationalized sector, agrarian reform, cooperatives and small and medium-sized private businesses, so that all those sectors of the national economy may be able to make the maximum contribution within their power to increase the nation's wealth and the prosperity of the Portuguese people.

The PCP's Electoral Platform is based on the new realities of the Portuguese economy, namely, the nationalizations, agrarian reform and the control of management. It is a program of confidence in the national potential and for the mobilization of the creative endeavor and desire for progress of the Portuguese people.

For the development of a policy of economic recovery and progress for Portugal, the PCP proposes to the voters a program of governmental, legislative and people's action in the following main directions:

Financial Policy:

A budgetary policy aimed at reducing the deficit and geared toward accommodating public savings to the goals of reducing the foreign debt and dynamizing the economy, making use of and supporting the various economic groups. Stringent budgetary discipline.

A fiscal policy that will force those who can most afford it to pay taxes, and giving benefits for the income from work. Combating tax evasion and fraud.

A banking and credit policy that will act as an instrument for economic recovery and dynamization. An overall reduction in interest rates. Discount rates and greater credit facilities to back the investments and activities of the sectors and enterprises with priority in the development policy, and the small and medium-sized farmers, manufacturers and businessmen. A restructuring of banking and insurance, and reinforcement of the overseeing action of the Bank of Portugal. Incentives for savings.

An exchange policy aimed at giving an incentive for investments, and a reduction in the deficit in the trade balance. Defense of the value of the escudo as a means to combat inflation, without detriment to the goals of development. Control of the movement of capital. Combating the practice of underbilling and overbilling.

Agrarian Policy:

Support for agrarian reform in the area of intervention. Immediate cessation of the arbitrary and illegal assignment of reservations. Restitution to the UCP and cooperatives of land, machinery, livestock and facilities which were illegally taken from them, and indemnification for the damage caused. A guarantee for the autonomy and viability of the UCP and cooperatives. Expropriation and turning over to the workers and small farmers of the hundreds of thousands of hectares of land subject to expropriation. Establishment of state agricultural units in the nationalized agricultural associations, with the active participation and control of the workers. Emergency agricultural credit. Conversion into long and medium-term credit of the CAE [Classification of Economic Activities] used for fixed investments and machinery. Repeal of the Barreto Law, the Cork Law and the arbitrary limitations on forest exploitation.

Revision of the Law on Rural Leasing, so as to guarantee the stability and legitimate interests of the tenants. Assurance for the participation of the tenants, through their representative organizations, in the judgment of matters related to leasing. Credit for the exercise of the right of

preference by the tenants. Annual establishment of the schedule of maximum income. Effective, general implementation of the Law on Uncultivated Land. Technical and financial backing for its exploitation.

Agrarian reform in the regions outside the area of intervention, with stringent respect for the land ownership of small and medium farmers, and expropriation of the very large properties, in accordance with the features of the region. A turnover of the expropriated land to the small farmers (owners and tenants), and to agricultural wage-earners or workers. Technical and financial backing for the associative types of agricultural and livestock exploitation.

Support for small and medium-sized farmers (owners, tenants and field hands). Information for farmers, and their occupational training. Credit for investments. Integration into the general social security system. Increase in tax exemptions for small and medium-sized farmers. Incentives for the agricultural associative movement and technical and financial backing for the creation or reinforcement of cooperatives for machinery, marketing, etc. Creation of state machinery pools. Elimination of the former guilds, with the formation of cooperatives. New legislation for the People's Houses.

General measures for protection of agriculture. Compensatory prices set before the season. Curbing of prices of the factors of production. Credit with low interest. Guarantees for supplies, removal and marketing of farm products. Agricultural-livestock insurance. Intensification of the disease prevention campaigns. Combating of speculation and parasitism. The training, specialization and updating of technicians. Backing and expansion of agricultural education and research. Promotion of new crops. Protection of the agricultural soil. Measures to back the cooperative movement, namely, favorable and preferential conditions for the products marketed or produced by the cooperatives.

Fishing Policy:

Renewal of the facilities for catching and preserving, processing industries, fishing ports and the respective infrastructures.

A marketing policy that will insure a rapid increase in production, specifically through guarantee prices and the improvement and streamlining of marketing systems, through state control.

Restructuring, of the nationalized sector, making it viable and dynamizing it; and legislative, technical and financial backing for the cooperative sector.

Increased education and research in the field of fishing. An inventory of the fishing resources in the 200-mile EEZ [exclusive economic zone] for

full protection and effective utilization of the national fleet. Exploration of new fishing grounds, and diversification of the areas of activity of our fleet.

A policy of international agreements which will protect the maritime fauna on the Portuguese coasts, and defend Portuguese rights and interests in the traditional external fishing grounds. Negotiation of an agreement with the new African countries, namely, Mozambique and Angola.

Industrial Policy:

Development of industry, based on the nationalized sector, and the sector with intervention and participation, with an accelerated increase in production and full utilization of the national resources. Defense of the national industry. Protection for small and medium-sized industries.

Planning of industrial development, specifically by giving an impetus to the nationalized sectors capable of creating a base of accumulation, and dynamizing the production of the others. Lending proper dimensions to the basic industries, and instituting coordination between the production of equipment and the production of consumer goods. Development of new technologies.

Dynamization of the nationalized sector as a sector for the takeoff of the national industry. Restructuring, reorganization, economic and financial stabilizing, and the resumption of the essential investments, with the necessary and adequate credit. Active participation by the workers, and development of production based on the criterion of the national interest, and not on that of maximizing profits. A demand for efficiency and dedication among public officials. An absolute ban on concessions, including that of management, of parts of the sector to private capital.

Increased production and reduced costs, specifically through standardization, streamlining and guaranteeing of raw material supplies, the streamlining of marketing systems and the restructuring of the transportation system. Utilization of the installed production capacity and new investments. Intersectorial and interregional coordination of the increase in productive capacity and production.

Defense of the national industry on domestic and foreign markets. Backing for traditional industries aimed at an improvement in quality and competitiveness.

Harmonious development of industry, aimed at national independence, namely that of the energy, transportation and mining industry sectors, as basic factors in all development, and that of the civil construction and tourism sectors, because of their impact on the growth of other sectors and because of their effects on the accrual of foreign exchange.

Commercial Policy:

Development of domestic trade by attaching importance to its role in national economic activity. Backing for small and medium-sized trade and for the cooperatives for marketing and consumption. The establishment of adequate tax exemptions. The shortening of trade routes. State control of prices. A ban on monopolistic status for private firms in wholesale and retail trade. Combating parasitical middlemen, speculation and fraud.

Diversification of foreign trade aimed at reducing the deficit in the trade balance. Reduction in imports of non-essential goods. Replacement of imported products by domestically produced goods. Expansion of exports by using the potential of the new markets (those of the socialist countries and African countries, namely, the People's Republic of Angola, the People's Republic of Mozambique, the Republic of Guinea-Bissau, the Republic of Cape Verde and the Democratic Republic of Sao Tome and Principe, and the Arab nations). Measures arranged to promote exports. Renegotiation of international agreements, namely, with the Common Market.

Bread, Work, Health, Housing for a Better Life

The Portuguese people want to be freed from the suffering, sacrifice and difficulties which have been unnecessarily forced upon them. They want to overcome the uncertainty and insecurity about the future. They want to lead a better, more secure and happier life. They want to accept reality and make the hopes which came into being with 25 April come to fruition.

The policy of capitalist recovery carried out during the past 3 years has as one of its main features the offensive against the social conquests of the workers achieved with 25 April. Social security benefits have been cancelled, the construction of public housing has been curtailed, the national health service has been blocked and the decline in education has become worse. With the exception of the big capitalists, the big landholders and the big middlemen, all the social classes and strata have undergone a worsening of their situation, particularly the workers, the youth, women and the retired.

The PCP's Electoral Platform indicates as a priority goal for any democratic government an improvement in the people's living conditions.

The PCP's Electoral Platform is a platform for guaranteeing the working people bread, work, health, housing and confidence in the future.

To promote a social policy of improvement in the people's living conditions, the PCP proposes to the voters a program of governmental, legislative and people's action in the following main directions:

Policy on Wages, Prices and Employment:

An increase in real wages as an indispensable means of defending and improving the purchasing power of the population. Priority increases for the lowest paid workers. An increase and expansion of the national minimum wage. Updating and expansion of the unemployment subsidy. Guarantee of the right and practice of collective bargaining. Improvement in working conditions. Vacation subsidies. Complete payment for the 13th month. Increase in family allowances. Increase in social privileges.

Combating the high cost of living with the curbing of prices, particularly for items of prime necessity. Increase in the number of items in the "market basket," and the effective setting of their prices.

Guarantee for the right to work, precluding layoffs without just cause, eliminating the instability created by the increased resorting to term contracts with the revision of the respective laws and creating new jobs by means of a dynamization of economic activities and an immediate reorganization and reconversion of business firms with difficulties.

Policy on Health:

Institutionalization of the national health service (universal, general and free of charge), providing complete health care, and establishing the active participation of the population and the health workers in its planning, management and control.

Priority creation of a system of primary health care.

Regionalization and decentralization of the services.

Preparation of the national health certificate.

Immediate streamlining of hospital organization and management, humanizing the services and providing adequate association between the hospital system and the primary care system.

A national medicine form to protect the health of the population and to combat the speculative maneuvers of the multinationals in the sector.

Policy on Housing:

Curbing of the widespread speculative increase in housing rents, specifically through the repeal of the Mota Pinto government's decree-law and the publication of legislation that will uphold the constitutional principles on rental profit, with a view toward the reinforcement of stability and of the guarantees of the tenants' right to housing, and considering the legitimate interests of the landlords who are experiencing difficulties.

An accelerated resolution of the major housing shortages, through the initiation of programs for the recovery of run-down housing and intensification of public housing construction by the municipalities, offering special lines of credit and credit facilities.

An incentive for economical housing cooperatives and self-construction, through backing for the procurement of land, plans and financing, under adequate conditions of discounted interest.

The granting of credit on good terms and with discounted interest for the purchase of individual housing.

Policy on Social Security:

Institutionalization of a unified, decentralized social security system.

Improvement in retirement pensions, the minimal pensions for survivors (widows and orphans) and social pensions.

Revision of the forms of financing in the sector, and effective measures for recovering debts.

Restructuring of the social security institutions, with the participation of their workers, aimed at utilizing all the human and material resources, improving services and paying the benefits in due time.

A redefinition of the current systems for social benefits.

Participation of the labor movement and other entities representing the workers in the determination of the social security policy, and in the management and control of their activity.

Policy on Basic Sanitation, Environmental Protection and Completion of Social Infrastructures:

Rapid fulfillment of the most pressing needs of the population in the area of household water supplies, sewerage and garbage collection.

Enactment of measures to combat pollution, specifically pollution of industrial origin, and for general environmental protection.

Immediate determination of a policy for utilization of water resources, to be materialized specifically in a national plan for water resources.

Immediate fulfillment of the needs for access routes of the population that is still isolated, or in a more accessible condition, specifically through the reinforcement of the human, financial and material facilities of the municipalities, so that the latter may assume their responsibilities in

the area of rural highway systems. Completion of a system of national roads yet to be constructed, and immediate implementation of the measures required for conservation or rebuilding of the existing system.

Rapid extension of the coverage of the country by an electric power distribution system, and completion of the necessary projects for renovation and remodeling, so as to guarantee the population good conditions for supplies.

Education and Culture, in the Service of the People and of Democracy

The Portuguese people want to see culture and education within the reach of everyone, making a break with obscurity and ignorance, and helping each man and woman to be masters of their own conscience and the responsible, active builders of their country's future.

The reactionaries and their parties have always attempted to curtail the opportunities for access to culture by the popular masses. Even after 25 April, they did not cease to attack artistic freedom and creativity. They foster the attempts to impose cultural colonization on our people. In their political programs and plans, they reveal notions involving the monopolization of culture, the exclusion of intellectuals, revanchism and the restoration of obscurantism.

The PCP's Electoral Platform is a platform of democratization for education and culture, and for attaching value to the Portuguese people, the nation's progress and the consolidation of democracy.

The PCP's Electoral Platform responds to the need for an education and a culture in the service of the people and of democracy.

For a policy of education and culture in the service of the people and of democracy, the PCP proposes to the voters a program of governmental, legislative and people's action in the following main directions:

Policy on Education and Instruction:

The actual provision of access to schooling on all levels for the children of workers. Compliance with the compulsory school attendance of 6 years, and its extension to 9 years. Improvement in the social support for education.

Gearing the educational system to the requirements of economic and social development, and of the personal qualities and democratic training of the youth. Educational reform, accompanied by extensive discussion and participation by all concerned.

Elimination of illiteracy with the actual enforcement of the law (proposed by the PCP) which was approved by the AR [Assembly of the Republic].

Revision of the law on private education, defending the public educational system and the liberty to learn and teach established in the Constitution. Initiation of a suitable special education.

Lending dignity to the teaching profession, guaranteeing stable employment and the scientific, pedagogical and professional standing of teachers.

Cultural Policy:

Promotion of access to cultural professions and creativity by the most extensive popular masses, fostering the activities of the cultural organizations, those of artists and those of other cultural workers, as well as broadcasting and entertainment activities, and the creation of new units for cultural production, guaranteeing decentralization and coverage of the entire national territory.

An actual guarantee of liberty for artistic and cultural creativity. Provision by the state of essential facilities and backing for the development of the various sectors of art and culture, without unconstitutional political or ideological discrimination. Actual recognition of the social function of writers, artists and other cultural workers, and of their socio-professional rights.

Adoption of immediate measures for taking inventory, studying, preserving and publicizing the national cultural heritage, both learned and popular.

Defense and publicizing of the great national cultural values, and intensification of cultural relations with the peoples of the world.

Policy on Physical Culture and Sports:

Actual decentralization of physical culture and sports, specifically by creating conditions for their real integration into the educational system and in the spare time of the workers.

Incentives for the sports associative movement. Creation of agencies and methods for the participation and representation of the popular organizations in the determination and execution of the policy on physical culture and sports. Democratization of the sports entities. Passage of democratic legislation.

Lending dignity to highly competitive sports, and morale for professionalism. Social integration of the athlete. Elimination of all types of commercial exploitation.

Patriotic Policy for National Independence, Peace and Friendship

The Portuguese people want to decide freely about the present and future of their fatherland, without pressure, threats or interference from abroad. They want Portugal to recover and maintain the independence of action and international prestige that they achieved with 25 April, and to assert itself internationally as an active factor for serenity, peace and cooperation.

The reactionaries and their parties have sought abroad the backing which they lack in Portugal. The United States, the Common Market, the International Monetary Fund and the European Social Democrats are again attempting to dominate the economy and guide the policy of Portugal. The separatist movement is acting as a tool of imperialism. The platforms of the reactionary parties are aimed at passive submission to the demands of the IMF, NATO and EEC, with serious risks for national independence.

The PCP's Electoral Platform intransigently defends the people's sovereignty, national unity, territorial integrity and national independence.

The PCP's Electoral Platform responds to the aspirations of the Portuguese people for a patriotic policy of peace, friendship and independence.

For a foreign policy marked by national independence, peace and friendship, the PCP proposes to the voters a program of governmental, legislative and people's action in the following main directions:

Diversification of foreign relations based on the principle of equality, respect for national sovereignty and for mutual interests, and non-interference in internal affairs.

Overall consideration of the relations with other nations (diplomatic, economic, commercial, those involving scientific and technical cooperation, cultural, etc.).

Development of relations marked by friendship and cooperation with the capitalist countries, namely, those of Western Europe and the United States.

Agreements with the Common Market, excluding economic or political integration.

Negotiations with NATO, with a re-examination of the Portuguese obligations and commitments, from the perspective of calmness, peaceful coexistence, the dissolution of military blocs and the elimination of foreign military bases on Portuguese territory.

Development of relations marked by friendship and cooperation with the socialist countries, taking advantage of the vast potential which has been boycotted or disdained up until now.

Development of relations marked by friendship and cooperation with Mozambique, Angola, Guinea-Bissau, Cape Verde and Sao Tome and Principe, preventing the use of Portuguese territory as a base for campaigns and activities hostile to these countries, and with the definitive abandonment of neocolonialist intentions and goals, and of any kind of paternalism.

Development of relations marked by friendship and cooperation with the countries of the so-called Third World.

A policy of peace favoring calmness, a reduction in the armed forces, in strategic defensive weapons and in armament, and fulfillment of the Helsinki agreements. Active participation in the UN and its organizations.

Solemn Commitment of the PCP, Rectification of Abuses and Illegalities

The offensive of the reactionaries and right wing parties against the democratic regime has been typified (particularly during the Mota Pinto/PPD/CDS government) by extremely serious abuses, arbitrary action, tyranny, illegality, and violations of the rights and liberties of citizens.

The Mota Pinto/PPD/CDS government was overthrown by the action of the popular masses and the democratic forces; but many of the illegal, unconstitutional and arbitrary decisions and measures that it adopted still remain.

The rectification and redress of all the abuses and illegalities which were committed is an imperative obligation of any democratic government.

The PCP has assumed the solemn commitment to act in this regard in the next Assembly of the Republic, and with all the organs of authority.

To guarantee legality, democratic order and justice, the PCP calls for the rectification of the unconstitutional, illegal and arbitrary decisions of the past governments, specifically:

Reinstatement in their positions, if they so desire, of the workers who were illegally dismissed or laid off, with the respective indemnification.

Restitution to the UCP and cooperatives of the land, livestock, machinery and facilities which legitimately belong to them, and which were illegally taken away, almost always by violence.

Revision of the arbitrary and illegal cancellation of intervention, and just solutions for each case, in accordance with the interests of the workers and of the national economy.

Rectification of the unconstitutional and illegal decisions which violated the principle of the irreversibility of nationalizations (including those with majority and minority participation by the state), restoring to the state the assets which were illegally turned over to private entities.

Reexamination of the cases of illegal extortion, dispossession and eviction of tenant farmers by the rich landlords, and reinstatement of situations which were illegally altered, accompanied by the respective indemnification.

Abrogation of all measures opposing independence or pluralism, and the democratic operation of the state's news media.

Democratic Government, Stability, National Effort

The Portuguese people want the country to be governed with competence, dynamism, loyalty to democratic ideals and respect for the people's aspirations. Such a government can only be a democratic government formed on the basis of an actual democratic majority (namely, that of the PCP and PS [Socialist Party]) to be achieved in the next elections.

A democratic government will have to have the backing of the workers and the participation of the Communists, to bring about a shift toward democracy that will put an end to the policy of capitalist, latifundist [large land-holder] and imperialist recovery, and will create an atmosphere of work, peace, calmness and security.

A democratic government will have to represent a policy of economic stability and recovery, in accordance with the real situation and conditions created by the revolution of April, motivating the great national effort which is required to surmount the economic crisis and to bring about a drastic improvement in the living standard of the Portuguese people.

The PCP's Electoral Platform proposes to the Portuguese people a platform of action for a democratic government capable of undertaking and successfully leading the collective task of building the prosperity of the people and of Portugal, along the liberating path of April.

To achieve a democratic policy and a democratic government, the PCP proposes:

That, based on a democratic victory, a reinforcement of the electoral status and number of deputies of the PCP, and the election of MDP [Portuguese Democratic Movement] deputies, all the types of understanding with the PS and other democratic forces be considered and intensified, with a view toward devising a government platform which will put an end to the right wing policy of the previous governments, and which will, with respect for and compliance with the Constitution of the Republic, bring about a policy of national development and independence.

That, based on an understanding among democrats, namely, the Communists and Socialists, with the backing of the workers and the participation of the Communists, a government be formed which will respect and command respect for the constitutional rights, liberties and guarantees, democratic order

and the democratic regime, and public calmness, the democratic changes made after 25 April (the nationalizations, agrarian reform and the control of management, and the enactment of a short and medium-term policy aimed at solving the people's most pressing problems: compensatory wages, employment, housing, health, education and culture); a government capable of fostering economic and social development and, simultaneously, a policy of independence, peace and friendship with all the peoples of the world.

A Platform for the Portuguese People

The platform which the PCP presents to the country and for which it pledges to struggle in the Assembly of the Republic, the government and all areas of political, economic and social life, is a platform for giving a courageous response to the national problems and for meeting the most legitimate and deepseated aspirations of all Portuguese men and women who aspire to a better and happier life in the Portugal of April.

The PCP's Electoral Platform is entirely associated with the interests and aspirations of all the antimonopolistic classes and strata:

Of the working class and all workers (in industry, mines, transportation, fishing, agriculture, public office and services), calling for an increase in real wages, the curbing of prices, the right to collective bargaining, combating unemployment and layoffs, trade union rights and liberties, the independence of their representative organizations, an improvement in social security, health and housing conditions, and accessible housing rents.

Of the small and medium-sized farmers and tenants, calling for compensatory prices for their products and guaranteed removal thereof, the curbing of prices of items needed for agriculture (fertilizer, fuel, forage, feed, seed, etc.), measures for the protection of agriculture (credit, agricultural and livestock insurance, technical assistance), revision of the Law on Rural Leasing to protect the rights of the tenants, enforcement of the Law on Uncultivated Land and better rural welfare service.

Of the intellectuals, technical cadres and liberal professionals, calling for the lending of dignity to their activities and social function, the defense of their purchasing power, job security, professional careers and professional updating, and incentives for artistic and cultural creativity and for scientific research.

Of the small and medium-sized businessmen and manufacturers, calling for a policy for increased production and purchasing power, an expansion of the domestic market, appreciation of their role in economic life, access to credit and a reduction in interest rates, correction of the margins for marketing and taxation, a shortening of the marketing routes, and support for measures aimed at reconversion and restructuring.

The PCP's Electoral Platform is entirely associated with the interests and aspirations

Of women, upholding their rights as mothers, citizens and workers, their increased participation in political and social activity, the elimination of social, occupational and wage discrimination, actual respect for the social function of motherhood, an improvement in maternal and child care, and the expansion of the system of day care centers, kindergartens and other social facilities.

Of youth, upholding its right to education, occupational training and employment, the elimination of wage and occupational discrimination, the democratic restructuring of education, an increase in social support to education, and dynamization of the use of spare time.

The PCP's Electoral Platform is entirely associated with the democratic and national objective of guaranteeing a future marked by happiness, hope and joy for

Portuguese children, calling for the initiation of the official system of child education establishments, the creation of conditions and material facilities for rational, instructive use of spare time, actual compulsory education free of charge, combating the economic selection in the present educational system, disease prevention and increased maternal and child assistance and schoolchildren's health, and measures for protecting against exploitation of child labor.

The PCP's Electoral Platform is entirely associated with the interests and aspirations of the most underprivileged sectors and classes:

Of those earning the lowest wages, calling for the periodic updating of the national minimum wage, actual compliance therewith, and the extension of social benefits.

Of those who are retired, calling for an updating of pensions and retirement, free medical care and medicines, discounted rents, a 50 percent reduction in transportation fares, an improvement and increase in the space for recreation centers and other measures that will assure them the decent, peaceful life to which they are entitled.

Of the disabled, calling for their social and occupational rehabilitation and integration, support for the non-profit making institutions for education and recovery, the establishment and expansion of special education, an improvement in pensions and subsidies, discounts for transportation and the elimination of architectural barriers.

Of helpless widows and orphans, calling for an increase in survivors' pensions, a revamping of the system for granting them, and a reform and humanization of the government institutions for assistance to abandoned children.

Of the homeless, calling for their social and occupational integration, and the integration of the children and adolescents into schools, a rapid solution to the degrading situations affecting many families, and a stimulus for dynamics to produce relationships and solidarity between the resident and homeless populations.

The PCP's Electoral Platform is entirely associated with the interests and aspirations

Of the emigrant workers, calling for the negotiation of more favorable emigration agreements for the protection of their rights and aspirations, and measures for social, cultural and legal support, in particular, occupational training, universal teaching of Portuguese to their children and the preservation of their cultural ties with the fatherland.

The PCP's Electoral Platform is a platform for the defense of liberty and democracy, and of 25 April and its conquests. It is a platform to be carried out with the opinions, efforts and creative endeavor of all the Portuguese people. It is a platform for starting a new era in national life, and for guaranteeing the welfare of the Portuguese people, and the prosperity and independence of Portugal.

It is a platform in the interests of all Portuguese who do not want to return to the fascist past, and who want to carry forward the hopes and conquests of the glorious 25 April. It is a platform of those who are striving for the consolidation of democracy and for the socialist future of Portugal.

Vote for APU to Defend Liberty and Continue April

A vote for APU is a vote for political forces loyal to the interests of the working people and to the democratic objectives.

A vote for APU is a vote which will lend force to the necessary understanding among democrats, namely, the Communists and Socialists, which is admittedly indispensable for winning and carrying out a democratic policy worthy of the ideals and hopes of 25 April, in the service of the people and the nation.

A vote for APU is a useful, secure and certain vote for achieving the platform and proposals of the PCP, and for making a shift toward democracy in the national policy.

A vote for APU is a vote for integrity, coherence, dedication to the cause of liberty and democracy, and for the capacity for work, organization and accomplishment for the good of the Portuguese people and of Portugal.

No citizen can be forced to vote against his conscience or will. But every democrat, every worker, and every man, woman or youth who loves liberty should contribute by his vote to the defeat of the reactionaries and the guarantee of a democratic victory.

With a large vote for APU, the Portuguese people will say "no" to a return to the past; they will say "no" to the policy of alliances with the enemies of liberty; they will be voting steadfastly for democracy, for 25 April, for the democratic conquests, for a better life and for the independence of the fatherland.

2909

CSO: 3101

'NEW PHILOSOPHER' LEVY REBUKES CARRILLO'S STALINISM

Madrid BLANCO Y NEGRO in Spanish 21-27 Nov 79 pp 9-13

[Interview with Bernard Henri Levy by Jose Antonio Munoz Atienza, in Paris; date not given]

[Text] Instead of threatening several times to "cut off his sound" during the discussion of Marxism (Saturday night, 10 November), Jose Luis Balbin, the director and moderator of the program "La Clave" (Channel 2, TVE [Spanish Television]), should have given him every microphone in the studio. With two or three "new philosophers" like Bernard Henri Levy, ours would be the best television in the world. Accustomed to the boring debates that TVE usually offers us, Spanish TV viewers were finally able to see a European-level program. It was a lively, gutsy debate, full of interest, and it "riveted us" to our seats so that we would not miss a single detail of what was happening and being said on the "enormous small screen." And it was all thanks to this young French Jew, a fearsome debater who had Santiago Carrillo against the ropes. Levy finally said that we have to judge Marxism by its works, "here and now," and forget about utopian millenia. We had never seen Santiago Carrillo, a very cold and self-possessed person, so tense and stiff. A number of gestures of uneasiness gave him away.

In light of the bruising "punch" of the tall, thin Levy, the Communist leader acknowledged that he is a "very well-informed" young man.

"I'm the natural child of a diabolical pair: fascism and Stalinism. I'm the contemporary

of a strange twilight. The world is doing fine, you say? In any case, it's doing." This is from his book "Barbarism with a Human Face," a 1977 best seller in France in which he undertakes a critique of Marxism as a leading figure in the events of May 1968.

Bernard Henri Levy was born in Oran 31 years ago to a Sephardic family. One of his grandparents was Spanish. He moved to Paris as a child. He lives in a bachelor's flat in the heart of the Latin Quarter, just a few meters from the publishing company at which he manages a collection of philosophy books.

After the events of May 1968 in France, he won a competitive exam for associate professor of philosophy at the Sorbonne. He was 24 at the time. But he was not born to give classes or to be just a spectator in our stormy times. Thus, in 1971 he took his knapsack and went off with the Bangladesh guerrillas. He was the only Westerner who took part in that war against New Delhi imperialism, which was, in turn, backed by Soviet imperialism. He later wrote his first book, "Bangladesh" (1973).

He has just now published his third, "The Testament of God," and in it he explains his theory of how to resist totalitarianism.

His office is an untidy room at the Grasset Publishing Company, near Saint German-des-Pres Boulevard.

There is an enormous ashtray, filled with butts, on the table, which is brimming with papers. He chain-smokes filter-tip cigarets in a cigaret holder.

I tell him that we have traveled to Paris to interview him, because he is making news in Spain, thanks to his TV appearance. He smiles and then twists his mouth to one side, a habit of his.

[Question] What happened during the colloquium on Marxism?

[Answer] A very simple thing happened. Spanish TV viewers were able to see the two faces of the Spanish right-wing together: Mr Osorio and Mr Carrillo. They were able to see them shoulder-to-shoulder, saying the same things and paying each other courtesies. In other words, they are the Siamese twins of the Spanish order. The two-headed party of the order: Carrillo and Osorio. I'm pleased that I managed to demonstrate this.

And this was just the beginning of the interview. I took a minute to light a cigaret and recover from this first impression, but I remembered that memorable night on "La Clave" and got used to the idea.

Carrillo's Weak Points

Bernard Henri Levy's sparkling black eyes, which dart from side to side, dominate his extremely pale, aquiline countenance. He was wearing a thin, white jacket over a white "niki," despite the autumn cold coming in through the open window. It was a typically gray Paris afternoon. He was wearing light-brown corduroy pants.

[Question] What are Santiago Carrillo's weak points, which you apparently were able to discover?

[Answer] He has three. The first is that he is illiterate...a theoretician (I'm the one who looks pale now). I think that the TV viewers realized that Carrillo does not know Marxism. A man who can, for example, say that the factors of production belong to the superstructure cannot describe himself as a Marxist. To anyone who is familiar with Marxism that is an unspeakably stupid remark. Therefore, he is an illiterate theoretician who does not know Marxism. That was the first point demonstrated on that television program.

Bernard Henri was winding his long hair around his long, thin fingers, which look like a pianist's.

[Answer continued] Second weakness: he is incapable of what I would call "mourning his past." In other words, he is incapable of self-criticism. This man, who has skeletons in his closet, who has crushing historical responsibilities, was incapable, for example, of answering my question about the death of Gabriel Trilla. He was incapable of answering about the innumerable expulsions of PCE [Spanish Communist Party] members during the 50's, pursuant to Stalin's orders, during the struggle against "Titoism," which was Carrillo's black period. A person who cannot criticize his own Stalinist past is still a Stalinist.

He remained silent for a while. The lanky youth with the strong personality was answering me in French, but when he wanted to emphasize a particular sentence, he repeated it in Spanish, a language that he knows quite well. Perhaps his Sephardic blood was rushing through his veins.

[Question] And Carrillo's third weak point?

[Answer] It is not so much a weakness as something that was demonstrated during the colloquium. Carrillo is a man of order. It is odd that in a country in which the Catholic Church was one of the main pillars of the Franco era (remember the Opus Dei, etc), the left is praising and extending a hand towards it. It is astounding to see the left defending the army. In his latest book, "Eurocommunism and the State," Carrillo says that the military are true intellectuals. The church and the army, the conservative forces in Spain today, are the heritage of the Civil War, and it seems as if Mr Carrillo is referring to that heritage today.

[Question] But this heritage, as you call it, has been taken up by all democratic parties...

[Answer] That could be, but if Carrillo says so, it means that the Spanish Communist Party is a big reactionary party. Today, Mr Carrillo speaks neither of revolution nor socialism even. Communism in Spain is the right wing.

I was left petrified and speechless. The telephone rang, and Bernard Henri began talking about his next colloquium on Marxism, which will take place in Athens under the sponsorship of Karamanlis. It was a timely interruption for me, because the interview was proceeding at a dizzying pace.

[Question] Admit it, Bernard. You had it out for Carrillo during the TVE debate, even though there were other Marxists there...

[Answer] Mr Tierno Galvan gave the impression that he wanted to teach an underdeveloped people how to read and write, and I wasn't interested in arguing with him. He's an old professor who doesn't have much to say, in my opinion. I think that Roger Garaudy, an unrepentant Stalinist who still has praise today for the Ayatollah Khomeyni, discredits himself spontaneously. I didn't have anything to talk about with him either. I only wanted to talk with Osorio and Carrillo, who were representing the Spanish right wing.

A Stalinist Organization

[Question] In your opinion, what are Eurocommunism's weak points?

[Answer] It has two. First, a Communist Party will not be able to convince anyone of its desire for liberalism if it does not begin to liberalize itself. The organization of the PCE is as Stalinist as ever; it's called democratic centralism, and its effects were seen recently in Asturias with the expulsion of some members. In other words, the PCE has not changed. Its iron-like organization has not changed; its iron-like discipline has not changed; democratic centralism remains the same. The second has to do with its ties with Moscow. Everyone who knows the international communist movement knows quite well that the only thing that counts, the only thing on which the Soviets absolutely insist is, as you know, alinement with Moscow on foreign policy. A Communist Party can say whatever it wants; it can allow itself all of the heresies it wants; it can side with Social Democracy, as in France; it can side with the right, as in Italy. The Soviets don't care about that. The only thing that counts is subordination to Moscow in foreign policy. There is not a single major foreign policy issue that is sensitive to Moscow (whether in Africa, such as Ethiopia, or in Vietnam, or in Europe, such as disarmament) on which any Communist Party in the world deviates from the Moscow-determined line. Therefore, the PCE is still tied to the Communist International.

[Question] Carrillo insinuated on the "La Clave" program that you might be linked to the multinationals...

[Answer] I do, in fact, have links with the multinationals, in the same sense that Kamenev, Zinoviev and Bukharin had links to Hitler, in the same sense that Jorge Semprun and Fernando Claudin had links with the CIA. By this I mean that this is the same old story, a method that Stalin used ever since the Moscow trials. This is the tactic of defamation and personal slanderings, of trials without evidence. It's the old Stalinist tactic, completely traditional.

Concentration Camps

[Question] Carrillo told you that you were a frustrated product of the events of May 1968 in France...

[Answer] Yes, I am frustrated. I am frustrated at seeing the Western left, and specifically the Spanish left, going astray on paths that I find harmful. I am frustrated at seeing my favorite family, the left, determined not to grasp the real dangers, the real problems of our times. I am frustrated at seeing hundreds of thousands of Vietnamese and Cambodians drown in the South China Sea or die in concentration camps. And the left, and the Communist parties in particular, keep on tinkering with their political schemes. This is what frustrates me. But Carrillo was not

completely right. He should have said indignation, not frustration. I am indignant about certain attitudes on the part of the institutional left.

[Question] Another one of the persons at the "La Clave" debate, Catalan Socialist Jose Maria Obiols, said that there were several kinds of Marxism...

[Answer] I don't think that there is any such thing as Marxism. I think that Marxism doesn't exist. I think that Marxism is an illusion, an illusion of Stalinists, to be more precise. What exists, as you know, throughout the world, is repression, police, concentration camps, violations of human rights. Then what happens is that in order to lend a more elegant aspect to their police forces and concentration camps, some people dub them Marxist, and in order to lend a "pseudo-scientific" air to the ravings of their police forces, some people invoke Marxism. Marxism is no more than that today. Marxism is a Stalinist invention. I am neither Marxist nor anti-Marxist. I am anti-fascist and anti-totalitarian and I am an advocate of man's rights.

[Question] What can you tell me about Garaudy, who was expelled from the French Communist Party and who calls himself both a Christian and a Marxist? How can we buy that?

[Answer] Roger Garaudy has a confused mind. Don't count on me to put his ideas in order.

[Question] Bernard, you praised Felipe Gonzalez during the TV program. Why does he deserve all your trust?

[Answer] I am far from putting all of my confidence in Felipe Gonzalez. I am only confident, I only hope that today, after having taken the first step, he will take the second. After having denied Marxism as a dogma, I hope that he will also deny it as a method of analyzing reality. I have confidence in the PSOE [Spanish Socialist Workers Party] because of the steps it has taken.

[Question] What else do you see in Felipe's philosophy?

[Answer] I think that his attitude at last May's congress deserves to be highlighted, because he resigned as secretary general of the party rather than follow the methods of the Stalinist parties, which kick out dissidents. He ran a political and a personal risk. He showed signs of intellectual rigor and great political courage. That's why I am fond of Felipe Gonzalez.

[Question] Marx asserted that the implementation of his revolutionary doctrine would free man from the alienation to which capitalism subjects him...

[Answer] The result is a new Holy Alliance between the two "isms" that you mentioned: capitalism and Marxism. Today, the oppressive societies are like a prehistoric monster with a capitalist head and a Marxist body. The two of them together make up the oppressive regimes and dictatorships.

[Question] But what remains of the left if you strip it of its Marxist content: the class struggle, the theory of surplus value, converting private property into collective property?

[Answer] Its essentials remain. In other words, the demand for social justice, egalitarianism, the imperative of freedom. And it still has, especially today, the essential struggle at this point in the 20th century: human rights. Remember Saint-Just's saying that "Happiness is an idea that was born in Europe in 1870"? Well, I would add: "Human rights are an idea that was born in Europe," and when the left has forgotten about Marxism, this new idea will remain.

The Libertarian Spirit

[Question] From what you are saying, you seem to be an anarchist? Isn't anarchism even more utopian than Marxism?

[Answer] I am fond of the libertarian spirit. I am not at all fond of the anarchist spirit, because I think that when the libertarian spirit fossilizes into an ideology, it becomes, like all ideologies, a totalitarian machine, a machine that produces murders and killings. Albert Camus put it very well in his book "L'Homme Revolte," in the pictures that he draws of all those heroes of Dostoyevski's novels, who sowed death over the land of sacred Russia in the name of a desired purity and a political guardianship. These characters showed the other face of the totalitarian will.

[Question] Another of France's "new philosophers," a product, like you, of May 1968, has said that "Marx is dead..."

[Answer] That's a mistake. Marx is not dead. Marx is the most powerful cadaver in mankind's history. Marx reigns today over half of mankind. He reigns in China, Vietnam, Cambodia, the Soviet Union, in the people's democracies. Hence, it is far from responsible to say that Marx is dead. Marx is still alive, more alive than ever.

"May 1968: Not an Attempt to Take Power"

[Question] What would have changed in the world if you had taken power in France in May 1968?

[Answer] It was not an attempt to take power. In 1968 it was not a question of exchanging one master for another. It was not a question of occupying the throne. It was something else. It was a cultural revolution, not a political revolution. Therefore, a hypothesis of power was an impossible hypothesis, by definition. That was not our objective. None of the leading figures in 1968 took part in the May 1968 events in order to take Charles de Gaulle's place in the Elysee.

[Question] The French Communist Party turned its back on you...

[Answer] The fact is that the French Communist Party was to a great extent responsible for the normalization and the return to order in 1968 and subsequent years. Both in France and in Spain, I repeat, the Communist parties are major conservative parties.

[Question] Marx said that once his doctrine was imposed, communist nations would be like brothers. But China and Russia are bitter enemies today...

[Answer] Not to mention Vietnam and Cambodia. My theory is that Marxism is a warlike ideology, a philosophy of and for war. It is normal, then, for Marxism to foment, instead of human brotherhood, hatred among men and widespread warfare.

[Question] What would you say about that verse in the Internationale that goes "The earth will be the paradise of mankind"?

[Answer] It's an admirable verse. I think that it's more valuable today than ever. But I notice that in practical reality the Communist parties have failed in this goal.

[Question] Nevertheless, do you believe in the goodness of man and that some day the earth will be the Biblical paradise?

[Answer] That's an improper question. I have no objective. I fight as best I can against horror, which is the rule in the world in which we live. The only thing that I am saying is that the only true revolution in this century are the concentration camps, that the commonplace thing in the 20th century is murder, legitimized murder, and that the urgent problem is not to remake the world, but to prevent it from destroying itself. Therefore, the problem is not undertaking a revolution, but resisting, resisting absolute death and totalitarianism. Now then, I have a much more modest ideology than what you are posing in your question. I don't know whether a "good" mankind will come some day or not. But I do know that today, here and now, we have a duty to fight against the horrors

that surround us. And to summarize this philosophy, we have to take into account Solzhenitsyn's remark: "We have to look horror straight in the face."

[Question] Why do we detect a turn to the right in Europe, despite the economic crisis, which is proletarianizing the middle classes?

[Answer] Perhaps the world is turning to the right precisely because of the economic crisis. The left's big mistake has been believing that impoverishment was going to lead us into a revolt, when instead it has prompted conservatism. Major revolts have not always come from the poorest strata of society. If you take a look at the history of France, anarchosyndicalism, which was an enormously positive movement at the beginning of the century, came from the most skilled and educated workers, not from the vulgar proletariat. Hence, it is totally true that an economic crisis is the best ally of all conservative forces.

[Question] Are we in "the" crisis of capitalism or just another of capitalism's crises?

[Answer] Neither, because capitalism itself is the crisis. Capitalism lives off crises. Crisis is capitalism's permanent way of life. Capitalism without crises is unthinkable. It is precisely for this reason that socialist ideology has failed so often, because it always imagines that each crisis is going to be the final crisis of capitalism, when in reality, crisis is the food and fuel of capitalism.

"An Alternative That Does Not Interest Me"

[Question] So there will be capitalism for a while...

[Answer] I am not a prophet. The only thing that I can tell you is that the capitalism-socialism alternative does not interest me. In all of the countries in which socialism has been established, they have given the name socialism to the worst capitalism that exists, a capitalism in which the workers do not have the right to demonstrate, in which workers are shot at when they demand the right to strike, in which there is no freedom of speech. Therefore, the alternative is not capitalism-socialism. I personally would not choose between the gallows (he put his hand to his throat) and the guillotine, or between the plague and cholera. The really urgent thing is to struggle for human rights, both in capitalist and socialist regimes.

[Question] What do you think of the Iranian Revolution, in the latter part of the 20th century and launched in the name of God and his prophet Mohammed?

[Answer] I think two things. First, that the overthrow of one of the 20th century's bloodiest tyrants by a crowd of simple people is a magnificent development. Second, that it seems ominous to me that this revolution has brought to power a fanatic, a new dictator, a fascist of a new mold, called Ayatollah Khomeyni.

[Question] And what about terrorism by Basque separatists?

[Answer] I think that the origin of Basque nationalism is legitimate because it is a legitimate movement against a central power. But when this nationalism utilizes the weapons of terrorism, then it is utilizing the weapons of fascism, totalitarianism and plays into their hands. I am completely opposed to terrorism. To me, a terrorist is like a mini-state, someone who carries a state in his head, who copies in himself and to the point of delirium the attitudes and methods of the state. When statism becomes delirious, it lapses into madness.

[Question] One last question, Bernard. Is Marxism, which has a European and Western origin, a scientific doctrine?

[Answer] No. It is a despotic, pseudo-scientific and reactionary philosophy. It is not a philosophy of historical initiative; on the contrary, it is a philosophy of man's enslavement by history.

That's it. "Et encore?" young Levy asks me, apparently prepared to continue our talk. His nerves are close to his skin, and he moves his arms around a great deal, like the vanes of a windmill. A very active man; yet, we could say that he is the living example of the non-executive. Night has fallen.

The "La Clave" Debate: Concentration Camps

Carrillo: ...if there is anyone who is far from agreeing with the positions and practices that are current in the USSR in the communist movement, it is me. I think that the Russian Marxists were in a difficult and complex historical situation in which they had two options: take power and try to create a more just society, even though the country's economic and social conditions had not developed enough to establish socialism, or let that historic opportunity pass.

Levi: According to Santiago Carrillo, the Vietnamese, under the pretext that they are emerging from a colonial war, have the right, the duty to set up concentration camps. If I understand Santiago Carrillo correctly, in Cuba's case it was necessary, normal, inevitable, legitimate to jail homosexuals and to liquidate dissidents and opponents, because there too, the historic conditions were unquestionably not the most appropriate.

Marxism: Submission or Change?

Levi: I understand Marxism to be something else. I was a Marxist and I expected something else of Marxism, a philosophy of rebellion, a philosophy of resistance. Perhaps I was expecting a philosophy of revolution, and I think that we can talk about Marx's writings now, Mr Carrillo. I think that when you read Marx, you see exactly the opposite: that Marxism is despotic, that Marxism forbids rebellion, that it is a philosophy of submission.

Carrillo: I can understand how Mr Levi must have felt great frustration when he was a Marxist, but I do not want to follow him along that road. I am more interested in underscoring that Marxism is a theory with currency and that the problems of capitalist Europe today, of the West, can be tackled and resolved only from a Marxist perspective, which, in my opinion, is not simply a perspective of revolt or of submission, but rather a perspective of transformation, of change.

Semprun, Claudin...

Carrillo: As far as Jesus Monzon and Leon Trilla are concerned... Jesus Monzon died peacefully, a friend of the Communist Party, in Mexico, and Leon Trilla did, in fact, die in Spain around 1944-45. But to attribute the death of a Communist in Spain during that period to the Communist Party seems to me to indicate, at least on your part, a major lack of understanding regarding the situation that existed in the country at the time.

Levi: I am saying that the Western left has to break up today. The people listening to us have to think with their own heads. There are persons in the Communist Party who think with their own heads, such as Jose Semprun or Fernando Claudin, as well as others who think with their own heads and have been expelled through dishonorable proceedings. They are still waiting to be rehabilitated, and Mr Carrillo has not answered the question...

Carrillo: Fernando Claudin and Semprun were, in fact, expelled from the Communist Party, but the party slandered neither Claudin nor Semprun. I think that if there is anyone who ought to be rehabilitated in the Semprun-Carrillo debate, it is me, because while I haven't said anything against him, he wrote a book full of lies against me.

Levi: You've read it, therefore?

Carrillo: It's been a long time since I read it, and I don't read that kind of literature in general.

Conclusion

Obiols: The Socialist Party has always been on the side of freedom.

Carrillo: The Communist Party too.

Levi: ...I've taken good note of this joke, this "chiste," as you say in Spain. It has been marvelous.

Carrillo: The only caricaturist and comedian here is you, Mr Levi.

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PCE CENTRAL COMMITTEE HOLDS PLENUM, APPROVES RESOLUTIONS

Analysis of Political Situation

Madrid MUNDO OBRERO SEMANAL in Spanish 15-21 Nov 79 p 7

[Text] The Plenum of the Central Committee considers the economic crisis to be an unbalancing factor in international relations. The solution to the present crisis lies in the progressive construction of a more just economic order, with a substantial increase in the leadership and the economic role of the developing countries. Active cooperation, including the establishment of appropriate agencies, is both necessary and possible between the EEC and the oil producing countries, guaranteeing the latter the proper economic and technological compensation. The Central Committee declares that the political means of coping with the crisis in Europe is to devise an alternative of the forces of progress, based on an understanding among Communists, Socialists, Social Democrats and other vanguard sectors.

The Communists advocate the actual elimination of the military blocs, and an end to the arms race, also citing the feasibility of negotiations between NATO and the Warsaw Pact. In this regard they attach special significance to the holding of the Conference on European Security and Cooperation, which will convene in Madrid during 1980.

Europe must be a region of peace and cooperation between peoples; and, therefore, we most forcefully denounce the attempts to install new atomic weapons on our continent. On behalf of these goals of peace and the balanced development of nations, the Communist Parties of Europe must emphasize free dialog and active understanding with the liberating movements of the Third World.

An additional factor for tension is the North American intervention in the Sahara conflict, under the pretext of backing the king of Morocco. This is a matter which directly affects Spain, whose government has pursued an inconsistent and ambiguous policy toward it. The abstention of the Spanish delegation to the UN from voting on the resolution regarding Sahara is inexplicable. The Communist Party of Spain reaffirms the need for Spain to recognize the Polisario Front as the representative of the Saharan people and the valid spokesman for any peace initiative.

The Central Committee also considers the news concerning the sending of Spanish troops to Equatorial Guinea disturbing. We repudiate this type of action, which implies a policy of a neocolonialist nature in Africa.

The Central Committee hails the historic approval of the Statutes of Autonomy in Euskadi and Catalunya, which should be accompanied by the immediate exercise of the respective powers. There is, in particular, an urgent need to create the Joint Security Board in Euskadi. The Central Committee of the PCE also agrees with the resolution of the Communist Party of Euskadi opposing the petitions for amnesty so long as the tactic of terrorism has not been expressly and promptly abandoned. It is intolerable to wound with weapons and, simultaneously, ask for impunity. The Communists resolve to demand an exact timetable for implementation of the process of autonomy, that will make it possible to move from a regulated type of centralist state to a state based on the exercise of autonomy without discrimination. Hence, they reject the attempts by UCD [Democratic Center Union] and other political forces aimed at a curtailment of autonomous development in the other communities. The Central Committee is in favor of allowing the autonomies to reach the same level, and the highest possible one, in each community that is compatible with the principles of the Constitution and real solidarity among the peoples of Spain. The method selected for the autonomous process should be geared to the concrete circumstances in each community, with an attempt to achieve a regional parliament and the greatest popular support for the statutes of autonomy. For this purpose, a political agreement between the leading parties in Parliament is necessary.

With regard to the debate on the Statute of Galicia, which will begin on 16 November in the Constitutional Commission, the Central Committee makes a positive assessment of the draft as a whole, deeming it necessary to improve the text in several respects: among others, those relating to the expansion of the Galician parliament, the cancellation of the 3 percent as an electoral barrier and the elimination of Article 32.4, which would seriously limit the development of the Statute and the degree of autonomy in Galicia.

The Central Committee deems it necessary to call attention to the danger that the development of the Constitution might be conducted in a manner which, since it did not take sufficient account of the political pluralism of Spanish society (wherein, apart from the two majority parties in Parliament, there are forces with the social significance and influence of our party, as well as the national or regional parties), might end up removing some of the essential contents of a Constitution the main asset of which is that it came into being as a result of an agreement among all the political forces.

The difficult political and economic situation at the present time has been complicated by the offensive on the part of the conservative sectors, which are pressuring for a deviation toward the right in the course of the nation's policy. In addition to the areas previously cited (the Workers Statute, development of the Constitution and the autonomies), this is clearly

apparent in such key areas as those of education or health. The attacks on the public sector of these fundamental services have become increasingly brazen.

The defense of civil rights is assuming greater significance each day. In this connection, we Communists denounce the trials that are taking place in cases of abortion, the repeal of the penalty for which is a necessity in democratic Spain. The PCE will soon submit to the Cortes a proposed law that would regulate the interruption of pregnancy.

The exacerbation of the economic crisis, with the prospect of increased unemployment, forces us to stress again the need to undertake a plan of national solidarity, the goal of which would be to correct that trend toward a worsening of the crisis and its essential result, unemployment; and, at the same time, to make an equitable distribution of the sacrifices which the crisis entails. A fundamental aspect of that plan is an increase in the effort for investment on the part of the public sector, particularly in sectors which generate employment (public works, housing construction and school construction). In this regard, we call upon the government to implement the resolution which was approved in Parliament after the discussion of the PEG [Plan for Generation of Employment ?].

The worldwide economic crisis and its effect on Spain have had a negative influence on our agriculture; which means that, if the necessary measures for assistance are not adopted, there will be an irreversible impoverishment of family agricultural activity, threatening it with extinction.

Over the medium and long term, we deem it necessary to devise a plan geared toward keeping under the control of the society itself the adjustments and reorganizations that the development of the crisis will inevitably bring in the economy and in Spanish society as a whole. Only in this way can we aspire to a progressive solution to the crisis, a solution which will take the national interests into account and which will not confine itself to leaving our economy and our country as a mere apathetic victim of the forces which operate on the international market.

A plan of this kind can only result from an extensive, expressed agreement among the various social and political forces which comprise the framework of our society.

Resolution on Municipalities, Strengthening Party

Madrid MUNDO OBRERO in Spanish 15 Nov 79 p 5

[Text] At its session on Sunday, 11 November, the Central Committee of the Spanish Communist Party unanimously approved the texts of the resolutions which we have reprinted on this page, and which had been debated and specified at individual meetings of the commissions.

Municipal Policy

After 7 months of municipal administration by the left, and without concealing a self-critical spirit that we must always bear in mind when exercising governmental responsibilities, we are of the opinion that the overall results should be considered positive. The transition from the old administrations to the new democratic entities has been made without detriment to the operations of the town halls; and it is already possible to notice, in concrete respects, the positive change involved for the population by the democratic town halls.

This change, which is far more perceptible in the small towns, because of the directness of the contact with the population as a whole, is also starting to become a reality in the large cities. For example, stress should be placed on the curbing of the traditional speculative activity, the protection of property holdings and planted areas, and the prosecution of urban development violations.

These first positive results have occurred in the midst of a swarm of difficulties, aggravated in all instances by the obstructive attitude that the UCD has been evincing in the legislative and economic areas (with the scandalous attempt to disregard in the 1980 budgets the commitments assumed to the town halls, as well as the constant distortion caused by the measures in its economic policy in the areas of welfare, education, transportation and housing), as well as in the administrative area, through the action of the civil government, the General Directorate of Local Administration, etc.

However, confidence should not make us ignore the difficulties confronting us, exacerbated by the crisis which has, naturally, prompted the population to demand of its town halls solutions which transcend their potential and responsibility. In the areas of education, health, culture, etc., wherein the government's responsibility is obvious, the town halls must strive to engage in exemplary experiments making optimal use of the resources available to them. At the same time, mayors and councilmen, as the people's representatives, should join in the action by the citizens, making maximum use of the municipal platform, without distortions, on behalf of these demands.

At the present time, the government is attempting to shirk its responsibility in many of these matters, and to divert the pressure for demands to the town halls, cloaking this as a transfer of authority. In view of this, we must demand a genuine administrative decentralization, accompanied by the necessary transfer of funds which will increase the municipal share of public spending.

Dealing confidently and firmly with all the serious problems posed in towns, medium-sized cities and large cities requires complete maintenance and fulfillment of the PSOE [Spanish Socialist Workers Party]-PCE agreement, as

well as the leftist pacts with specific features among the various nationalities, both in their general terms and in the specific ones pertaining to each locality. The joint action of the left and the progressive forces in municipal government is the basis for the change that we have been proposing all these years. In this joint endeavor, none of the parties will lose its own political profile, and we must reject any sectarian temptation, and also carry out the concrete measures that will immediately contribute to their improved formulation and effectiveness.

For the present, we must indicate as major lines of activity:

1. The preparation of plans for municipal action within the context of the 1980 budgets, which will serve as a reference point for citizens regarding the goals to be met by the municipality. Without overlooking the fact that the possibilities for action are being imposed on us by a policy set by the government in the general state budgets which gives the municipalities but little participation, we must conduct a reform of the financial system in a progressive manner, so that we may succeed in bolstering the municipal treasury, keeping clearly in mind the differences in status among the citizens.

This progressive fiscal reform cannot be achieved without an exhaustive campaign of explanation to the public, both with regard to income and expenditures, so that the residents may understand and back it. When it is time to approve the special budgets, and this will undoubtedly have to be done, we must impede any obstructive policy that uses administrative devices (a two thirds quorum) for imposing partisan interests on the general interests of all the residents.

2. The timely reporting of municipal policy must be another constant concern of the Communist councilmen, and of the entire party. We must arrange for all the necessary mechanisms for informing our people at all times of the policy that we are carrying out, and the difficulties that we are encountering.

The reporting policy must be accompanied by a policy for the people's participation in the town halls. Reporting is not enough; we must seek increasingly wider channels, so that the residents may express their views on the municipal policy. The expansion and participation must necessarily be accompanied by a real decentralization of municipal administration.

3. The attainment of this new political model of a town hall which we Communists want requires, in addition to efficient management of public services, assiduous attention to the serious problems of some sectors of the population, with special measures; and, for example, sensitivity for the problems of women and youth, and the implementation by the town halls of a cultural, sports and recreational policy.

4. The administrative reform of the municipality must be another one of our lines of activity, informing the population of the administrative structure of the town halls: officials, labor force personnel, economic situations, etc. We must undertake the internal reorganization with the very particular participation of those concerned therein.

5. The municipalities and deputations can no longer operate within the framework of a law on local systems which was created and intended for an undemocratic political situation. We denounced the government for its non-compliance in not having submitted to Parliament the draft of the new law on local systems on 15 October, as it had promised. We Communists, aware of the importance and urgent need of a reform in the local systems, intend to take the initiative in this matter of vital significance, by starting a campaign for popular mobilization on behalf of the urgent need for the reform and the main features that must govern it, to prevent the UCD government from making another law that will continue to be a constraint on the municipalities.

It is particularly important that we immediately find the means for associating our action in the institutions with that which we are carrying out within the society in connection with municipal affairs.

For this purpose, we shall have to:

1. Have the Communist representatives typified by their promotion of information for the citizens, becoming directly and intensively associated with them, and preventing their activity from being confined to the exclusive, internal realm of the institutions. We must engage in the same activity in connection with the town hall workers.

2. The party organizations cannot delegate the municipal action to groups of councilmen. They must promote the participation of the citizens, facilitating relations between the town hall and the people. It is the job of the committees to be concerned with the determination and implementation of municipal policy, and to guide and inform the party members, so that we may engage in a coordinated activity in the town halls and in society.

3. The foregoing objectives require a relationship between the groups of councilmen and the party committees, so as to afford the circulation between them of information regarding the objectives, problems and goals of our municipal action, as well as the opinions of the masses regarding it

4. For this purpose, it is essential to complete in all instances the appointment of those responsible for municipal policy on the committees, so as to provide an outlet for these intentions.

The policy on reporting and relations with the people is perhaps one of the areas in which the inadequacy of our work during recent months is most glaringly reflected. Its proper development will make it possible not only to

surmount many of our present difficulties, but also to gather the forces that are necessary for the tasks that we have set for ourselves.

Madrid, 11 November 1979.

The Strengthening of the Party

The Central Committee, which has discussed the country's political situation, considers it essential for the solution to the population's problems and for the defense and intensification of democracy, to make way for the Communist Party's unified alternative for advancement and progress.

Only a Communist Party with a greater presence in Parliament and in the autonomous governments, with a larger number of mayors and councilmen, organized in a larger number of business firms, and stronger in the rural areas, among professionals and intellectuals, among small and medium-sized business owners, and among women and the youth, will be a guarantee for the development of the Spanish society along the democratic path toward socialism with liberty.

The strengthening of the party that we are considering at present must be backed in the following areas:

1. Growth of the party, with the 60th anniversary membership drive, associated with an improvement in organizational operation, the reinforcement of political initiative and that of the party's masses, and the opening of an overt, lively debate on party issues.

In connection with the membership drive, we must adopt the organizational and political measures for carrying it ahead, for giving it an impetus and for making it a success. Specifically, all the organizations, from the group level, must assume their respective membership commitments before the end of the year. A highlight in the drive, when the effort of the entire party should be especially intensive, to gain thousands upon thousands of new members, the recovery of others and the dreamed-of renewal of the commitment to participation and struggle on the part of the present members, should occur at the time of the distribution of the 1980 membership card, scheduled to take place between 15 January and 15 February, and carried out at ceremonies which are well planned both with regard to organization and propaganda, open and with participation by the party's leaders.

An improvement in organizational functions, with particular heed for the territorial and business firm groups which, together with the committees, are the essential foundation for our party's work; attempting to achieve greater dedication to them by the party's cadres, and an organizational work method that will make their activity attractive and afford their individual and collective initiative with respect to the population.

A reinforcement of political and mass initiative, with the initiation of campaigns for explanation and mobilization which are planned and specific, concerning the people's most pressing problems, arranging a series of activities carried out by the party itself, as well as others conducted through the social movements, in the town halls, and the initiative of the Communist parliamentary group, with regard to laws that are pending.

The opening of an overt, lively debate on party issues, organizational functions, the policy on cadres, their training, and the intensification of internal democratic existence.

Following the line of the Cordoba agreements, we must continue to stress progress in the ideological, political and organizational homogeneity of the party.

2. The campaign for year's end assistance bonuses is an essential task. We emphasize the fact that carrying our policy forward requires having the necessary financial means at our disposal. Therefore, we propose to exceed in this campaign the amount attained last year; and hence we must apply great dedication and enthusiasm to the publicity concerning the bonuses immediately.

3. There must be an increase in the militant publicizing of MUNDO OBRERO, both daily and weekly, as an important medium for intensifying our presence and our influence on the nation's political life; for which purpose we must appoint leaders and committees for publicizing MUNDO OBRERO on all the committees, and form groups of friends of MUNDO OBRERO, comprised of members and friends who are devoted to this effort in particular.

To fulfill these objectives, in addition to the measures adopted by the committees, there must be a greater effort on the part of all militants, every active party cadre, the comrades in public office, and especially the leaders, each and every one of the Central Committee members.

Madrid, 11 November 1979.
Central Committee of the PCE.

2909
CSO: 3110

BASQUE SOCIALISTS HOLD CONGRESS, ELECT LEADERSHIP

Party Guidelines Adopted

Bilbao EL CORREO ESPANOL-EL PUEBLO VASCO in Spanish 20 Nov 79 p 13

[Text] Late in the afternoon last Sunday, the Second Congress of the Socialist Party of Euskadi [PSE], after experiencing periods of great confusion and argument, concluded by approving a slate for the new executive body which, although it did not completely please the various movements, was regarded as the only one with a certain amount of balance that could be formed in the tense environment surrounding the congress.

A few hours after the adjournment, many Basque Socialists concluded: "It was a victory for Txiki Benegas."

As reflected in the political report and that on culture, the PSE has rejected the party's more nationalist positions represented by the Guipuzcoa group; asserting that it "assumes and adopts the resolutions of the congresses, the declaration of principles and the maximum program of the PSOE [Spanish Socialist Workers Party]."

Elsewhere in the political report, it states its definition as a party of national, autonomous and sovereign scope, establishing its lines of activity within the Basque Country, but at all times faithfully adhering to confederal lines. Moreover, it expresses willingness to promote "the development of a policy that will restore leadership to the working class of Euskadi, defending its class interests and offering an alternative to nationalism that will enable the Basque people to advance toward a society which is more just, progressive, socialist, egalitarian and united with other peoples "

The resolutions in the cultural area confirm this clearcut demarcation of "Basque-oriented" positions, with harsh criticism for cultural sectarianism and a forceful defense of the Spanish contributions to Basque culture. The Guipuzcoa group was perhaps the one most hostile to this wording in the political and cultural reports. In certain party circles it was claimed that, with the tension between UGT [General Union of Workers] and PSOE overcome, there is a possibility of a new crisis now with the Guipuzcoans.

The Trade Union Problem

The apprehension triggered with regard to the differences of opinion between the "autonomous" and "orthodox" trade unionists was voiced without major difficulties, with a reaffirmation of the confederal conclusions. Jaime San Sebastian's group did not attain any of its goals, nor did members of the UGT Executive Group join that of the PSE; and no door was left open for trade union autonomy. The UGT members who were elected to the Executive Group are completely identified with the orthodox line; and, furthermore, they are not affiliated with the UGT Executive Group. The only point to be emphasized is that the former secretary of organization, Ricardo Damborenea, who is prominent because of his interest in coordinating UGT-PSE relations, and who personified the orthodox line, has been removed from the Executive Group, possibly as some form of compensation, or to achieve greater balance and ease tensions.

Navarre

The issue of Navarre, another of the most controversial ones, was settled with an arrangement which convinced all those reporting, except, at first, Gabriel Urralburu, who ended up accepting it. There is no change in the initial draft, calling for a transitional period during which the agreements called for in Article 22 of the Statute would be implemented; but an addition was made, namely, regarding the need to reach agreement with the majority of the political forces in Navarre, so that the integration process might receive the backing of the broadest majority.

Compromise Executive Group

The formation of the new Executive Group entailed hard work on the part of the congress members, and kept up the tension until the last minute. After having consulted all sectors, Txiki Benegas decided on a group of suitable individuals for reducing confrontations which had already reached highly personal levels among influential sectors of the party. The absence of Ricardo Damborenea and Enrique Casas is the most significant detail, one with the worst effect, particularly in Biscay, where some members are of the opinion that, although in the majority, "we have lost the congress."

Controversial and Difficult

The reelected secretary general, Txiki Benegas, brought the Second Congress to a close with remarks in which he admitted that the congress had been difficult and tense, "like all socialists." He cited the need to pacify the country and to offer it responsible alternatives, declaring that the path of violence and machine guns "is leading us to destruction."

He described the objectives that the congress had set for itself as being: a contribution to the development of the autonomous institutions and the

consolidation of the Socialist Party as a supreme one within Basque society. With regard to Navarre, he added: "We do not mind losing votes in that region; we are far more concerned over not dividing the people of Navarre."

He made an appeal to the Basque Nationalist Party to show receptiveness to the concluding of agreements regarding Navarre, "because to prevent the division of that people there must be negotiations between the PNV [Basque Nationalist Party] and the PSE." In conclusion, he announced that the Socialists would dedicate themselves earnestly to preparing for the elections to the Basque Parliament, in which they will run alone; thereby rejecting any plan for a leftist front such as the one proposed by the Communists.

New PSE-PSOE Executive Group

There are 19 members, distributed among the following positions:

Chairman: Juan Iglesias

Secretary general: Txiki Benegas

Political secretary: Jose Antonio Maturana

Organization: Antonio Aguirre

Trade union: Antonio Saracibar

Local administration: Ana Araiz

Studies and programs: Juan Manuel Eguilagaray

Propaganda: Alberto Castro

Training: Enrique Manero

Administration: Jose Luis Camara

Culture: Jesus Eguiguren

Press and Information: Ana Miranda

Sectorial: Eneko Landaburu

As members: Carlos Solchaga, Jose Antonio Aguiriano, Jose Luis Aguiriano, Maria Jesus Aranda, Joseba Paternain and Alberto Perez.

The members of the former Executive Group who were not reelected are: Anton H. Zubizarreta, E. Casas, Ricardo G. Damborenea, Fermin Lopez, Ulises Ruiz, G. Urralburu, Jose A. Goni and Lora (Iparraguirre and Agote had resigned before the congress).

Summary of the Contents of the Most Important Reports From the Second Congress

Culture

The PSE analyzed the cultural situation in Euskadi with regard to its negative aspects, based on the following premises: a very low cultural level; chauvinist sectarianism concerning "what is national;" repudiation of all centralist culture as being oppressive; admiration for national creativity, regardless of quality; the persistence among large sectors of admiration for male supremacy, the matriarchal establishment, superficiality in communication, etc.

It proposes as a Socialist alternative the supplemental nature of the "misunderstood Spanish culture," aimed at greater cultural universality. The report states: "The Basque culture is so Basque, as much so whether one writes in Spanish or Euskera, because here the language is simply a means of communication." It claims that the matter of bilingualism must be brought up without qualms, but from a realistic standpoint, and that cultural creativity must stem from non-sectarian definitions. "The Socialist cultural alternative includes the battle against bourgeois culture, both nationalist, oligarchical and centralizing."

Plans and Proposals

Creation of: the national ballet of Euskadi; a school of film making; district libraries; a stable theater center; a national Basque press (by the autonomous government institutions). Among other media, it also proposes to establish a modulated frequency broadcasting station and premises for film projection.

Press and Information

The party feels that its presence in the news media has been slight, and hence "our political image has declined." Consequently, it has set as a high priority goal to obtain news media for its use, and has requested of the party's authoritative organs an economic study to determine the viability of having its own news media.

As ideological criteria, it reaffirms the right to freedom of speech and information, and freedom to exercise it; and the defense of professional privacy and of the clause on conscience. Moreover, it will demand of the government an anti-trust law which will preclude excessive control of the news media by certain pressure groups.

MCSE [State News Media]: In view of the situation among the state news media, in addition to opposing private control thereof, it proposes the creation

of a public state company to finance the entities subordinate to the CGV [Basque General Council], so that the latter may take charge, with the participation of the workers.

RTVE [Basque Radio and Television ?]: It is considered a pluralist, democratic, free, public service. Backing is given for control of the regional center by the Basque Parliament, as well as for the movement's radio network. Among the factors that would insure the democratization of these media, it calls for the "institutionalization of free access thereto by political parties, trade union federations and other organizations in the public area, based at all times on the criterion of proportionality."

Economy

Based upon the premise that the class confrontation would entail more of an obstacle than an aid in the solution of the serious economic crisis that Euskadi is suffering, the PSE proposes an economic alternative based on the principle of cooperation, with the following basic plans: 1. a plan of action; 2. a program of commitments on the part of the central administration and the government itself; 3. a plan for financing economic reconstruction.

1. Plan of action. It must be inspired by an agreement between trade union federations and business owners' organizations, with complete freedom and without inference from other forces. The agreements would be concentrated in the following areas: Wages: the maintenance of purchasing power would be guaranteed. Work day: 40 hours per week; a freeze on overtime; 30 days of vacation by 1982. Productivity: a reduction in absenteeism; internal flexibility in the personnel rosters, etc. Context of labor relations: It would include the following matters: collective bargaining, right to strike, collective disputes, regulation of employment, trade union action in the business firm, etc.

As supplements, public housing, free schooling, health plan, urban services, control of business management, etc.

The plan would be institutionalized with the reestablishment, next year, of the economic agreements; accompanied by the passage in the Basque Parliament of a law for organization of the Basque Treasury and the creation of a consultative entity for matters of economic and social policy.

2. Commitments of the Basque Government. In addition to the foregoing, the Basque Government would assume the following: preparation of a plan to control public spending, another one for energy, and one for backing tourism and the fishing sector; preparation of an austerity program. Commitments of the Central Administration: a turnover of the management of the National Institute of Employment, and unemployment insurance; transfer of the funds for protection of jobs and joint action.

3. Financing. Commitment on the part of the banks to support the business firms in which they have an influence. Regionalization of the activities of the savings banks. Issuance of the public debt on the part of the Basque Government.

Political Position and Navarre

The position of the Socialist Party of Euskadi-PSOE with respect to program was finally approved as follows: "The Socialist Party, as a class party, is an instrument of the workers of Euskadi who aspire to the democratic conquest of political power within the autonomous institutions, as a means of attaining their fundamental goal, which is the emancipation of the working classes of Euskadi. According to the political report which was approved, the national problem was defined as follows: 'The national problem has concealed the class problems; the political organizations are not explained with regard to the type of society that they advocate, but rather as 'abertzales,' statist or Spanish-oriented, regardless of whether their alternatives are of the right or the left.'"

The Socialist Party of Euskadi is a federated party with respect to the PSOE, because it is of the opinion that the struggle of Euskadi's workers for their liberation must be closely associated with that of the other workers of the various nations of Spain.

The issue of Navarre was approved in the following manner: "The PSE upholds the need to extend autonomy to Navarre, and to carry out a democratic reorganization of its statutory institutions. During the current phase, the PSE-PSOE will call for the conclusion of the conventions called for in Article 22.2 of the Statute of Guernica. In any event, the PSE-PSOE will maintain that the understanding and institutional bonds between Navarre and the autonomous Basque community must be determined in a process of negotiation between the majority of the political forces in Navarre, so that the support of the largest majority of Navarrans may be obtained."

Benegas Gives Closing Speech

Bilbao EL CORREO ESPANOL-EL PUEBLO VASCO in Spanish 20 Nov 79 p 12

[Text] Bilbao, 19 November (EFE)--At the conclusion of the congress, Txiki Benegas said: "There has been an easing of tensions between the secretary general of the PSE-PSOE and the leaders of UGT following this Second Congress of the PSE-PSOE."

In this regard, he added: "I think that we in the UGT and the party shall be able to work together immediately on the election campaign for the Basque Parliament."

His final comment on the matter was: "We have also reached an agreement on solving the serious social and economic problems that are besetting the Basque society."

Txiki Benegas expressed the view that the congress had demonstrated "enormous capacity and responsibility with respect to the alternate solutions applied to the serious problems that Euskadi is experiencing."

As for the Executive Group, he noted that there had been an "extensive and major renewal, due mainly to the incorporation of worthy members and three women."

He concluded by stating: "Important individuals who had been carrying the weight of the organization up until now (referring to Ricardo García Damborenea) are missing; but the party considered it better to remove him from the leadership so as to assign him to future political duties."

According to Ricardo García Damborenea, the new Executive Group is divided among "liberal professionals, trade union leaders and some of the party's political leaders who are already well known from the previous Executive Group."

He added: "It should be pointed out that there are three women, and that the participation of Alava has improved."

García Damborenea denied that "the problem in electing the new Executive Group was due to a conflict between the Guipuzcoa and Biscay groups;" and declared: "I believe that the Executive Group is based on political interests and not on geographical representation."

He also denied that his departure from the Executive Group resulted from a conflict with Enrique Casas, another of the former members who does not appear in the new group. "I advocated Enrique Casas' inclusion until the last minute, because I thought that he was a particularly able person to head the Secretariat of Organization."

Finally, he said that the congress had succeeded "in clearly defining the true identity of the Socialist Party of Euskadi, putting an end to the insecurity that has existed since we left our illegal status."

Gabriel Urralburu, a member of the former Executive Group, commented: "I am very pleased that the political report confirmed the principles held by the Navarran delegation. It affirms the need for a bond and understanding between Navarre and the autonomous Basque community, to be materialized in the construction of roads under the terms of Article 22-2 of the Statute of Guernica."

According to Urralburu, two major points have been added to these principles: the fact that the congress upholds the expansion of Navarre's own autonomy,

and the democratic reorganization of the statutory institutions; and the fact that the congress was of the opinion that Navarre's problem requires a desire for understanding with the most representative political forces, and that the Socialists will maintain negotiating positions with them.

An additional provision in the new statutes holds that, although Navarre will continue to belong to the Socialist Party of Euskadi from an organizational standpoint, the group will become known as the Socialist Group of Navarre.

2909

CS0: 3110

SEPTEMBER PRICE INCREASES SHOW 1.3 PERCENT RISE

Madrid ABC in Spanish 25 Oct 79 p 37

[Article: "Prices Rose by 1.3 Percent in September"]

[Text] The consumer price index witnessed a rise of 1.3 percent in September 1979 according to provisional data drawn up by the National Statistics Institute pending a survey by the provincial consumer price committees. The increase in the corresponding month of last year was 0.8 percent.

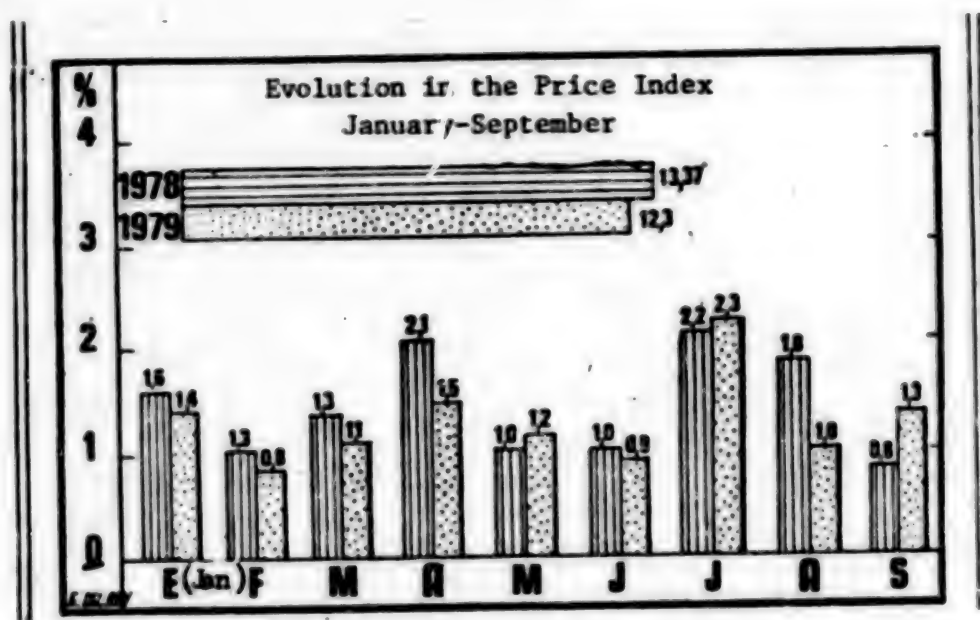
The variation in the general indexes of the general component groups in September 1979 was the following: Food, beverages, and tobacco, up 0.4 percent; clothing and footwear, up 2.6 percent; housing, up 0.7 percent; household supplies and services, up 1.6 percent; medical services and health care, up 1.4 percent; transportation and communications, up 2.3 percent; leisure, sports, culture, and education, up 2.7 percent; and other expenses, up 2.2 percent.

In the first 9 months of 1979 the consumer price index saw a rise of 12.3 percent, a figure which stood at 13.37 percent in the corresponding period of 1978. For the 12-month period ending 30 September 1979, the consumer price index rose by 15.3 percent.

According to the statement made yesterday [24 October 1979] by the undersecretary of economy, Javier del Moral, the evolution of the index in September 1979 confirms the already anticipated trend toward the stabilization of the prices of food products but toward hikes in other sectors such as clothing and footwear. In the same way, other sectors saw a sharp increase, influenced perhaps by the indirect repercussion of energy price rises approved by the government in July 1979. According to Javier del Moral the price index increase will reach 15.5 percent for the whole of 1979, thus conforming to the government's estimate.

Furthermore, and with respect to the government's position in the negotiations relating to wage increases, the Undersecretary of Economy said that the Council of Ministers [Cabinet] can set the increases only in its own field but these hikes can be indicative for the private sector. "In a democratic system," he said, "what is logical is that these increases be the product of

agreements between the labor unions and employers' organizations. The government," he noted, "does not have any reason to intervene between them or to decree mandatory terms."



2662
CSO: 3110

OIL IMPORTS, DEPENDENCE ON IRANIAN OIL DISCUSSED

Madrid ACTUALIDAD ECONOMICA in Spanish 17-23 Nov 79 p 27

[Excerpt] "Iran could bring about a world oil crisis at any moment," energy minister Luis Magana said last week when the new political crisis of the Islamic revolution began.

Diversification

However, the key to the situation of Spain in a foreseeable crisis caused by possible Iranian cuts lies in the policy of the government and oil enterprises during the past 9 months. In 1978 crude from Iran represented about 17 percent of total Spanish purchases (About 8.5 metric tons), and Iran was the second largest supplier after Saudi Arabia.

The picture is quite different during the first 8 months of 1979. According to Aserpetrol statistics, foreign crude unloaded during the first 8 months of the year totaled 31,429,522 tons. Spanish purchases from Iran during these months of the year 1978 were 21 percent of the total, approximately, but this tendency reversed in 1979, and Iranian oil has been 9 percent of the total bought during the period from January through August of this year. Spain's dependence on Iranian crude has been cut to less than half in the short span of 9 months (see chart).

Naturally this provides some unexpected breathing room for the official policymakers. Magana himself said a few days later that Iran is already selling its oil at \$45 on the immediate delivery "spot" market. Also, the Spanish firms understood the need to diversify their buying. CEPESA [Spanish Petroleum Company], for example, cut its Iranian purchases from 2 million tons in 1978 to only 600,000 tons this year. Petronor cut its purchases also.

It should be noted that in any event the actions of Spain were made also by other European countries. Reliable reports on August imports of five nations, West Germany, France, Great Britain, Italy and the Netherlands, show that Iran provided 8.3 percent of the total.

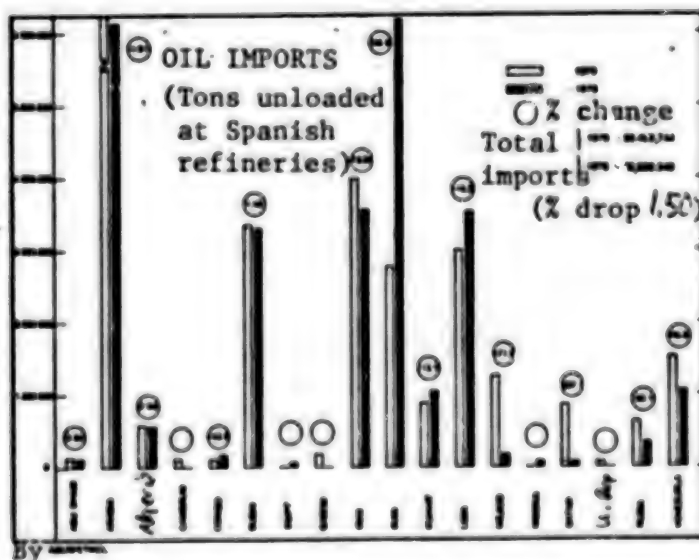
Changes

One of the most significant changes was made by Mexico, which delivered 188,600 tons during the first 8 months of 1978 but went up to 1,266,014 tons for the same period in 1979. According to reliable sources, Mexican crude bought by Spanish Petroleum will reach 2.2 million tons this year. Originally this firm had contracted for 3 million tons, but Mexican production problems lowered the total.

Contracts with Mexico will show a sharp increase next year, when besides the 3 million tons Spanish Petroleum will buy, the Hispanoil contract takes effect, calling originally for 5 million tons, of which it is believed 2.5 million will be delivered, since this is the first year of the contract and there are always reductions.

Other Arab nations have become important oil suppliers for Spain. This is true of Iraq, which replaced Iran as second leading supplier, and of Qatar. Venezuela also has increased its sales.

Spain has bought very little on the spot market, relying basically on new direct contracts with producers. This policy has made it possible to handle higher crude costs without sharp increases. But the basic problem is still before us: reduction of overall oil imports (1979 will show the same total imports as 1978). While diversifying our buying has been effective and perhaps inevitable, the conservation program is still not in effect.



DEFENSE MINISTER WARNS OF OVERDEPENDENCE ON FOREIGN MATERIEL

Madrid ABC in Spanish 31 Oct 79 p 4

[Article: "Before the Defense Committee of the Congress Rodriguez Sahagun Denounces Spain's Excessive Dependence on Outside Sources"]

[Text] Integrated Iberian strategy must be developed with reference to Spain's pertinent agreements with Portugal, Rodriguez Sahagun said in the defense committee of the Congress. The Spanish minister of defense, Augustin Rodriguez Sahagun, appeared at an informational meeting of the defense committee of the Congress in order to analyze the problems of his ministry.

Minister Rodriguez Sahagun also discussed matters of personnel and social action as well as of logistics and materiel, policy in the armaments industry, and various aspects of the armed forces. Among other things he said the following:

"The start-up of the general directorate of armaments and materiel which assumes an important function in research and development activities, production, new constructions, purchases, and sales of armaments has major importance with respect to a greater coordination of the armed forces and in order to achieve greater efficiency and savings in the management of materiel. On that basis and in view of the purchases and investments to be made in the 1980's the new policy for the armaments industry in Spain is being determined. Referring to the present situation of that industry Rodriguez Sahagun said that Spain is turning out quality products but that neither is the amount of our output sufficiently large nor the range of our products sufficiently broad.

The present result is high costs in many products, a low level of Spanish-made weapons in our armed forces, and excessive strategic dependence on outside sources both in what relates to the acquisition of arms and their upkeep and repair. Rodriguez Sahagun announced that in the future new purchases will be used to obtain not only commercial and industrial benefits but also technological benefits making the manufacture of new products possible.

SPAIN TO SELL CARGO SHIPS TO PRC, OTHER COUNTRIES

Madrid EL PAIS in Spanish 26 Oct 79 p 47

[Article: "Spanish Shipyards Sell Two Cargo Vessels to the People's Republic of China"]

[Text] Yesterday [25 October 1979] the preliminary agreement relating to the purchase by COSCO [China Ocean Shipping Corporation] from the Spanish Shipyards Corporation of two cargo vessels worth U.S. \$9.75 million apiece was signed. The agreement represents an aggregate amount for the transaction of 1.31 billion Spanish pesetas. What are involved are two vessels of the TD-15 class of 15,000 deadweight tons, 134 meters in length, 21.40 meters beam, 12.20 meters depth of hold, and 8.9 meters draft. These are general cargo vessels equipped with three cranes which meet the transportation needs of the People's Republic of China according to the purchasers themselves.

The deal will be concluded finally in Madrid during the next few days with the official signature of the agreement by the senior executives of Spanish Shipyards and representatives of COSCO, a Chinese government corporation which, it seems, is also interested in acquiring other ships of similar nature. The financing is being effected through export credits and is underwritten by the National Bank of China.

The representatives of COSCO arrived in Spain on 17 October 1979 at the invitation of a Santander shipowner. The latter informed them of the existence of the two vessels, already built and anchored in the port of Bilbao for the past 14 months. The two ships were part of an order for 34 vessels given some years ago by the Greek shipowner Papalios to Spanish Shipyards but which could not be delivered to him for financial reasons.

A few days ago the Chinese delegation went to the chief town of Biscay Province in order to determine the condition of the vessels which will be delivered to COSCO within about a month and after the necessary alterations are made and the craft are placed in drydock for the necessary period. The purchasers gave their approval of the two ships and expressed their interest in acquiring three other TD-15 class vessels which Spanish Shipyards have to retrieve from their respective shipowners because they have not been paid for

yet on account of economic difficulties. The representatives of COSCO also asked a price estimate from the Spanish company for four new vessels of the same type whose purchase authorization the senior personnel of the Chinese company will have to decide upon. Without making any concrete commitments the COSCO delegation has also shown an interest in cargo vessels of greater tonnage, especially grain carriers, which they need fairly urgently.

Export to Third World Countries

Spanish Shipyards have lately been promoting their products in Third World markets they recently signed a contract to deliver two other ships to the Republic of Madagascar), considering that these can absorb, thanks to second-hand prices, the inventories generated by the recession. This also implies an excellent point of departure for the stepping up of political and trade relations between the two countries [sic]. At present Spanish Shipyards have "frozen," among other vessels two oil supertankers weighing 130,000 and 270,000 tons and whose approximate prices are 1,989,600,000 and 2,785,500,000 pesetas, respectively. The agreements relating to both these supertankers were cancelled in both cases for financial reasons (one of them on account of the shipowner's economic problems and the other on account of late payment.

Possible Belgian Order to Armon Shipyards Worth 3.675 Billion Pesetas

Armon Shipyards of Navia in Asturias could build 50 vessels for a Belgian semi-public enterprise for an amount of 3.675 billion pesetas according to what the shipyard's manager, Francisco Diaz Madarro, told EFE.

Diaz Madarro had a meeting in Navia with a Belgian representative and on that occasion they studied the possibility of building the said vessels as well as the purchase of five others which had been slated for Iran but which were not delivered because of the shipyard's bankruptcy.

2662

CSO: 3110

INDUSTRY MINISTER RENEGOTIATES NATURAL GAS CONTRACT WITH ALGERIA

Madrid EL PAIS in Spanish 30 Oct 79 p 55

[Article: "The Ministry of Industry Negotiated the Prices of Natural Gas with His Algerian Colleague"]

[Text] The Spanish Minister of Industry and Algerian officials in the energy sector discussed yesterday [29 October 1979] in Algiers the content of the change in the Spanish-Algerian agreement for the supply of gas signed in 1975. The amendment refers essentially to the price formula and the rate of deliveries which have fallen behind the original schedule because of technical difficulties imputable to both sides. The gas agreement with Algeria constitutes one of the most important guaranties of energy supply available to Spain. It involves a volume of 4.5 million cubic meters a year equivalent to 4.5 million tons of oil and covers the period to 1996.

The most important item of negotiation is that of the price of gas. There is great instability in the price of gas paralleling that of crude oil in the market now. Together with the topic of prices is that of the volume of supplies. The Algerians have not completed the construction of gas liquefaction plants for the transportation of the commodity to Spain. Involved are three lines located in Skikda and whose cost is around U.S. \$600 million. ENAGAS [National Gas Enterprise--Spain] assisted in the financing of these facilities with a credit of \$150 million, approved in 1975, and included in the gas supply agreement. This credit, granted to Algeria under very favorable terms, was highly criticized in Spain at that time.

Neither have the gas networks which were slated to make it possible to use the Algerian supplies entered service within the anticipated deadline. The upshot of all this is that gas deliveries now stand at the level of 0.5 million cubic meters, nine times less than the peak annual supply anticipated in the agreement.

In 1975 the price contracted by the then-president of ENAGAS, Luis Valero Bermejo, was qualified as very high. The anticipated contractual changes have multiplied it by four, paralleling world prices.

Besides the high price and the financing of part of the liquefaction plant that Algeria had to build, the agreement of ENAGAS with SONATRACH [National Company for the Transport and Marketing of Hydrocarbons--Algeria] included financial assistance by Spain to Algeria in the order of U.S. \$300 million at very favorable interest rates in order to make Spanish exports to Algeria possible. This credit committed by the then-president of ENAGAS generated notable tensions in Spain which even reached the government given that no credit institution was prepared to ratify the terms negotiated by the president of ENAGAS. Finally, the Foreign Bank with the assistance of the Bank of Spain provided the credit which made it possible to finance a good part of Spain's trade with Algeria.

Spain's agreement with Algeria, characterized in very negative terms at that time, can turn out to be favorable with respect to the future as long as the price renegotiations are fruitful.

The visit of Spain's Minister [of Industry] Don Carlos Bustelo to Algiers, the second within a short time, makes possible progress in the talks which the technicians of ENAGAS and SONATRACH will hold in the next few weeks.

The Spanish minister has also commented with his Algerian colleague on the oil supply situation. Algeria sells 1 million tons of crude oil to Spain a year and no possibility is envisioned to increase deliveries. HISPANOIL [Spanish Oil Company] has been doing exploration work under various Algerian licenses but so far without success in its efforts.

The Algerian minister of energy, Belkacem Nabi, notified Minister Bustelo that, as he had recently mentioned to the Spanish Minister of Commerce regarding the availability of crude oil, Algeria is unable to allocate more than 1 million tons to HISPANOIL.

The president of ENAGAS, Joaquin Abril, and the president of HISPANOIL, Julio Calleja, visited Algiers with the Spanish Minister of Industry as did the director general of the department of energy, Ramon Leonato. The presidents of the two Spanish enterprises have maintained contacts with their Algerian colleagues paralleling those between the ministers.

In the ministerial discussions other possible aspects of industrial and commercial collaboration between the two countries were broached. At present the trade balance is favorable to Spain given that our country purchases only gas and oil in Algeria whereas Spain sells its consumer products and capital equipment in considerable volume.

Minister Bustelo invited Minister Nabi to take part in a forthcoming colloquy on Spanish television on the subject of oil, a discussion to be presented on the program "The Key."

TOURISM RELATED EARNINGS DECLINE

Madrid ACTUALIDAD ECONOMICA in Spanish 10-16 Nov 79 pp 6,7

[Text] The number of persons entering Spain from abroad during September 1979 was 4,029,222, a 5 percent decline from the same month last year. Also, the number of visits received during the first 9 months of the year, 32,180,601, is 1.9 percent down from the same period in 1978.

This decline in the overall tourist total has not been true of the entire year; rather it is the result basically of tourism patterns during the summer months. In fact, during the first 6 months of the year the visitor totals were well above last year's figures, and the month of July marks the reversal of this trend. So in June the number of tourists entering Spain was still 15 percent over June 1978, but in July the total was down 16.2 percent from the past year, and the decline continued through August and September, when the losses were 15.4 percent and 5 percent respectively. All this has meant that in the 3 months of "peak season" for 1979 the number of tourists reached 16,655,348, down 15.5 percent from the same period last year when the total was 19,228,816.

The main causes for this decline, which can be called alarming, are well known. The statistics for the final 3 months of the year will tell us if it has been a "seasonal accident" or a direct result of the short-term gain policy followed by many of the agents operating in this economic sector.

With July marking the beginning of a decline in numbers of tourists arriving in Spain compared to the same month in 1978, tourism earnings began their downswing a month later. In fact, in August, for the first time in 1979, tourism income reached \$870.8 million, that is, 1.2 percent less than the earnings for the same month in 1978.

Here also, as a necessary result, the losses have been due to trends during the summer months, although in June as well as July the figures were still 10.8 percent above last year. But the comparison between what happened during these months and what happened up until that time is truly noteworthy. Tourism earnings for January were 59.2 percent above January 1978, and this

bouyant pattern continued somewhat through the first 5 months of the year, during which time the mean monthly increase over 1978 was 45.6 percent. Beginning in June income declined, and in spite of the fact that dollar totals exceeded the same months of 1978 by 10.8 percent, the drop is notable. The July level as compared to last year was the same as in June, but in August the figures fell below those for the same month a year before.

In spite of it all, tourism income during the period January through August was still 21.5 percent above the same period last year, and reached \$4,255.8 million, compared with \$3,502.8 million in 1978. However, this percentage also has been dropping slowly through the year, and it will not easily improve much in the remainder of 1979.

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AEGEAN BUSINESSMEN SPLIT IN PREFERENCES FOR NEW GOVERNMENT

Istanbul MILLI GAZETTE in Turkish 18 Oct 79 p 6

[Text] Aegean industrialists and businessmen have offered differing viewpoints concerning the formation of the new government. While some have expressed desire for the formation of an interim pre-election government, others have asked for the formation of a broadly based JP-RPP coalition government. Stating that a government capable of resolving the issues could only come into being through RPP-JP cooperation, Yilmaz Adiguzel, chairman of the chamber of industries for the Aegean region has said that "Conditions within the country necessitate the formation of a JP-RPP government through whatever means available."

In asking for the formation of a JP-RPP coalition in which party leaders may or may not take part in the government, Adiguzel said:

"There is no alternative beyond this. The government to be formed must change the constitution, the law governing elections and the law governing political parties in order to prepare conditions conducive to the formation of strong governments in the future. Outside of this, I cannot think of anything to be in the best interests of the nation."

Hasan Guven, chairman of the Izmir Stock Exchange said: "What we want is the formation of a government that has accepted the concept of a mixed economy to the extent provided for by the constitution, that will not discriminate between the private and the public sector, that remains distant from ideological prejudices and that can differentiate between economic events and politics." Hasan Guven stated that he would like to see in office a government that would not make concessions to anarchy and divisionism, and would not merely for the sake of votes give expression to highly placed interests within the country, the economy or economic groups. He further stated that such a government could be derived from the present make-up within the national assembly. Hasan Guven added that they did not want an interim government and that they sided with the formation of a government that would have its basis within parliament.

The deputy chairman of the Chamber of Industries, Hayrettin Yorgancioglu, who is also a provincial chairman for the Justice Party has said that "a pre-election government should be formed immediately." Yorgancioglu stated that it was necessary for general elections to be held only after the formation of a government that would tackle divisionism and anarchy while providing for the security of persons and property within the country.

On the other hand, Sinasi Ertan, chairman of the assembly of the Chamber of Industries and a member of the advisory board of the Turkish Industrialists and Businessmen's Association maintained that even if all political parties and independent representatives to the exclusion of the RPP were to be united, only a weak majority would be obtained and the strong government for which the public longed would not emerge.

He stated that "While many government alternatives exist, it is too early to express an opinion. It would be dangerous, however, for the leaders of our political parties to vacillate too long in their work of forming a new government, as the country is exhausted from having had to combat multifaceted problems of very serious proportions. The economy in particular is in a state of total collapse. All political parties affiliated with the regime carry the responsibilities of a period in which every quick decisions must be made."

In stating that a difficult period for the country was now beginning, Sinasi Ertan declared that "the only way out is to go to early elections and to provide opportunity for the emergence of a powerful government from the ballot box. The last elections have clearly shown that such a result can be obtained if early elections were to be held."

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RPP LEFT-WING DEPUTIES ESTABLISH EXECUTIVE BOARD

Istanbul MILLIYET in Turkish 22 Oct 79 p 9

[Text] In a statement made on behalf of left-wing parliamentarians from the RPP, Mus Representative Burhan Garip Savli and Ordu Representative Ertugrul Gunay requested that the decision of the General Steering Board to hold an emergency convention be re-evaluated. The representatives stated that "If the convention is to meet, a Party Assembly and the adjustments that are necessitated by it must also be brought about."

In a written statement released yesterday, Savli and Gunay stated that it was expected of RPP boards to behave in a predominantly responsible and cool-headed manner in conducting post-election analyses and that it was commonly believed that such analyses could be best achieved at an emergency convention. The left-wing parliamentarians further stated the following:

"We see as incompatible with the responsibility and cool-headedness that are necessary for party leadership this move to call into session an emergency convention at a time when the political climate remains heated and events have not yet run their course. For this reason we wish to express the hope that the decision will be re-evaluated.

Moreover, we wish to emphasize in particular that in addition to the drawbacks of the decision in question, it is incompatible with the realities of the party and the nation to request a vote of confidence that would encompass the chairman general as well as the Steering Board, since these maintain the status of separate organs within our by-laws. If this convention is to convene at the announced date, then the adjustments postponed at the last convention must also be brought about. These include adjustments to the internal organs and the general assembly that will facilitate free discussion, democratic decision making and thought evolution as well as viable monitoring within the party. The attainment of an RPP leadership with a mentality that is both democratic and sound, the maintenance of party unity, as well as the overcoming of narrow outlooks and shallow discussions for the sake of democracy's future in our country, remain as historic tasks awaiting those who belong to the RPP."

Meanwhile, it has been learned that a meeting bringing together left-wing parliamentarians has taken place on the day before yesterday. An executive board was established during the meeting which saw the participation of approximately 50 RPP parliamentarians. Suleyman Genc, Ertugrul Gunay, Burhan Garip Savli, Kemal Anadol, Yucel Akinci, Abdullah Emre Ileri and Mehmet Ali Pestilci have assumed duties within this executive board.

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